



Additional information to the extended consolidated report of ENEA S.A. for Q3 2020

Poznań,
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ENEA Group in numbers



ENEA has 17.3 thousand employees

MINING

20.8%
share in the steam coal
market in Poland

445 million tons
of mining potential in
4 mining concession areas

5.5 million tons
of net coal production
in Q1-Q3 2020

GENERATION

6.3 GW
of total installed capacity

443 MW
of installed RES capacity

16.9 TWh
of total net energy produced
in Q1-Q3 2020

DISTRIBUTION

2.7 million
users of distribution services

118.4 thousand km
of distribution lines,
including connections

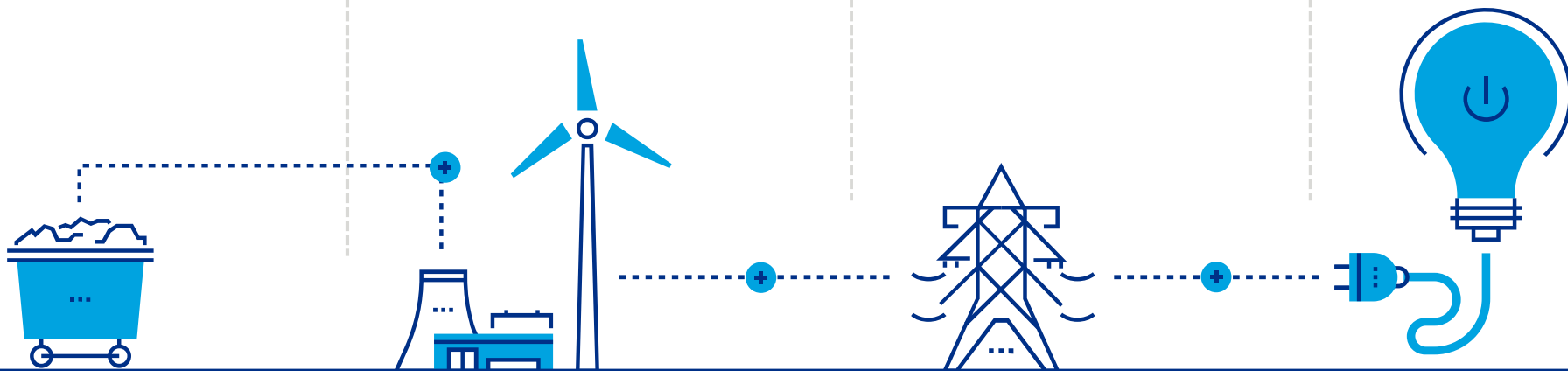
14.3 TWh
of electricity supplied

TRADING

2.6 million
Customers

15.6 TWh
of electricity and gaseous
fuel sold to retail customers
in Q1-Q3 2020

32
Customer Service Offices



1. Highlights

First quarter

- On 3 February 2020, the Company received a statement from the Minister of State Assets that the Minister of State Assets has exercised its powers to appoint a member of the ENEA S.A. Supervisory Board pursuant to § 24 sec. 1 of the Company's Articles of Association. Based on the aforementioned powers, Mr. Bartosz Nieścior was appointed to the Company's Supervisory Board as of 3 February 2020.
- On 6 February 2020, the Company received a resignation letter from the Supervisory Board Chairman, Stanisław Kazimierz Hebda, dated the same day.
- On 11 February 2020, ENEA Wytwarzanie Sp. z o.o. and GAZ-SYSTEM S.A. signed an agreement to design the connection of Kozienice Power Plant to the GAZ-SYSTEM transmission network. The agreement will open the process of designing a gas connection for the Kozienice Power Plant. Expansion of the transmission system by GAZ-SYSTEM will increase its capacity to supply higher volumes of natural gas throughout Poland. This will increase the capacity for connecting industrial plants as well as individual customers to the network.
- On 13 February 2020, ENEA S.A. and Energa S.A. concluded a Memorandum of understanding to suspend the financing of the Ostrołęka Power Plant C construction project. On 14 February 2020, Elektrownia Ostrołęka Sp. z o.o. submitted an order to suspend all the works related to the Contract to the general contractor of the Ostrołęka Power Plant C Construction Contract, with the suspension taking effect as of 14 February 2020.
- On 14 February 2020, the Company became aware of:
 - an order issued by Elektrownia Ostrołęka on 14 February 2020 to the contractor under the agreement to redevelop the railway infrastructure for Ostrołęka Power Plant C to suspend the performance of the railway contract with the suspension coming into effect on 14 February 2020,
 - an order issued by Elektrownia Ostrołęka on 14 February 2020 to the contractor under the agreement to redevelop the railway infrastructure for Ostrołęka Power Plant C of 4 October 2019, to suspend the performance of the railway contract with the suspension coming into effect on 14 February 2020.
- On 14 February 2020, in connection with receipt of the audited financial statements of Polska Grupa Górnicza S.A. (PGG) for 2019, in which PGG recognized an impairment loss for PGG's fixed assets as at 31 December 2019, the Company became aware of the possible need to recognize an impairment loss on the Company's holding in PGG.
- On 21 February 2020, the Company and Energa S.A. signed a memorandum of understanding on analyses to be conducted during the period of suspension of work on the Ostrołęka C Project. The memorandum sets out the detailed scope and schedule of analysis of the technical, technological, economic, organizational, legal and financial aspects of the project.
- On 21 February 2020, ENEA Wytwarzanie Sp. z o.o. concluded an out-of-court settlement with Fen Wind Farm B.V. based in Amsterdam and Wento Holdings S.à r.l. based in Luxembourg in connection with a court dispute concerning the acquisition by ENEA Wytwarzanie of shares in Eco-Power Sp. z o.o., which owns the Skoczylody wind farm. By its power, the parties terminated the preliminary agreement for the purchase of shares in Eco-Power Sp. z o.o. by ENEA Wytwarzanie Sp. z o.o. with effect on the date of the settlement and unconditionally and irrevocably waived any claims against each other regarding rights to any shares directly or indirectly related to the intended sale of shares in Eco-Power Sp. z o.o. to ENEA Wytwarzanie Sp. z o.o. In this situation, the Group reversed the provision in the amount of PLN 129 million.
- On 19 March 2020, the Fitch Ratings agency issued a press release, in which it affirmed the Company's long-term foreign- and local-currency issuer default ratings at 'BBB' with stable outlook.
- On 19 March 2020, the Extraordinary General Meeting of the Company adopted resolutions, by the power of which Ms. Izabela Felczak-Poturnicka and Mr. Mariusz Fistek were appointed to the Supervisory Board of ENEA S.A. of the 10th term, effective on the same date (where Ms. Izabela Felczak-Poturnicka was at the same time appointed Chairwoman of the Company's Supervisory Board).
- On 31 March 2020, a decision was made to recognize impairments on the carrying amount of assets in the Generation Area, Renewable Energy Sources Area, the Biogas CGU and in the Heat Area; on the same date, a decision was made to recognize an impairment loss on PGG shares.

Second quarter

- On 19 May 2020, the Company received information from Elektrownia Ostrołęka Sp. z o.o., the company currently executing the Ostrołęka C power plant construction project, about the recognition of impairment losses on non-current assets in Elektrownia Ostrołęka in the amount of PLN 1,027.3 million. According to information received from Elektrownia Ostrołęka, these impairment losses were recognized as a result of an impairment test for non-current assets carried out in connection with an update of the business assumptions for the coal-based project. Accordingly, on the same date the Management Board of the Company made a decision to recognize an impairment loss on Elektrownia Ostrołęka shares and to write off the loans granted to Elektrownia Ostrołęka along with interest.
- On 27 May 2020, the Company received a statement from the Minister of State Assets that the Minister of State Assets has exercised its powers to appoint and dismiss a member of the ENEA S.A. Supervisory Board pursuant to § 24 sec. 1 of the Company's Articles of Association. According to the said statements, the Minister of State Assets, in exercise of the powers conferred on him, dismissed, effective as of 27 May 2020, Mr. Bartosz Nieścior from the Company's Supervisory Board and, at the same time, appointed Mr. Paweł Szczeszek to the Company's Supervisory Board.
- On 2 June 2020, the Company accepted the final report on analyses conducted in cooperation with Energa S.A. (Energa) regarding technical, technological, economic, organizational and legal aspects and potential continuation of funding for the project involving the construction of a new coal-fired unit in the form of the planned Ostrołęka C power plant in Ostrołęka with a capacity of approx. 1,000 MW (Project). The conclusions drawn from the analyses do not justify the continuation of the project in its current form, i.e. as a construction project of a power plant generating electricity through combustion of bituminous coal. At the same time, the technical analysis confirmed feasibility of the scenario of building a power plant generating electricity in a natural gas combustion process (Gas-Fired Project) at the current site of the coal-fired unit being built. Consequently, the Company's Management Board made a decision to continue the construction of the generating unit in Ostrołęka based on the assumption of changing the power source from coal-based to gas-based. On 2 June 2020, a trilateral agreement was also signed between the Company, Energa and PKN ORLEN, whereby the following key principles of cooperation in the Gas-Fired Project were defined.
- On 3 June 2020, the Company signed a letter of intent (Letter of Intent) with Iberdrola Eólica Marina S.A. (Iberdrola) regarding the Company's potential investment in offshore wind farm projects to be developed in the Polish exclusive economic zone of the Baltic Sea. In connection with the signing of the Letter of Intent, the parties will enter into exclusive negotiations aimed at assessing the feasibility of execution of a joint capital expenditure project by the Company and Iberdrola in the said wind farm projects with a total capacity of up to approx. 3.3 GW and their shared preparation, construction and operation.
- On 4 June 2020 Mr. Mirosław Kowalik tendered his resignation from the position of President of the ENEA S.A. Management Board and from membership in the Company's Management Board effective as of 5 June 2020. On the same date, the Company's Supervisory Board adopted a resolution to second, starting 6 June 2020, Mr. Paweł Szczeszek, Supervisory Board Member, to temporarily perform the duties of the President of the ENEA S.A. Management Board until the appointment of a new President of the Company's Management Board, but no longer than for a period of three months from the date of his secondment.
- On 30 June 2020, the Company's Supervisory Board adopted a resolution to appoint Mr. Paweł Szczeszek to the position of President of the ENEA S.A. Management Board for the joint term of office commenced on the date of holding the Company's Ordinary General Meeting which approved the financial statements for 2018. The resolution came into effect on the date of its adoption. Upon his appointment to the position of President of the Management Board, Mr. Paweł Szczeszek's mandate of a Member of the Company's Supervisory Board expired.

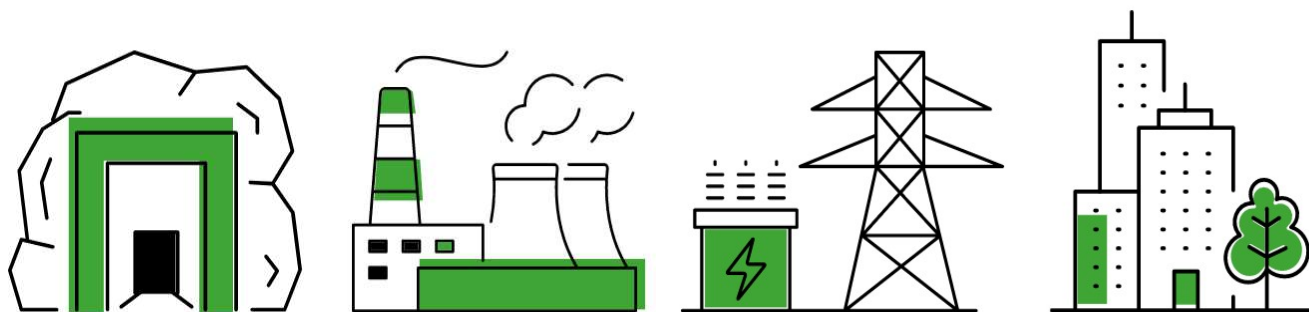
Third quarter

- On 8 July 2020, the Company received information that, on the same date, the Court of Appeal in Poznań announced a judgment, in which the Court of Appeal dismissed the Company's appeal against a Regional Court judgment declaring the annulment of Resolution No. 3 of the Extraordinary General Meeting of ENEA S.A. of 24 September 2018 to express a directional consent to proceed with the Construction Stage under the Ostrołęka C project. As a result, as of 8 July 2020, the judgment of the Regional Court in Poznań declaring annulment of the Resolution became final.
- On 22 July 2020, Mr. Zbigniew Piętka tendered his resignation from the function of ENEA S.A. Management Board Member for Corporate Matters, effective as of 24 July 2020.
- On 23 July 2020, Mr. Piotr Adamczak tendered his resignation from the function of ENEA S.A. Management Board Member for Commercial Matters, effective as of 10 August 2020.
- On 7 August 2020, the Company's Supervisory Board adopted resolutions in the matter of: appointing Mr. Tomasz Szczepielniak to the position of the ENEA S.A. Management Board Member for Corporate Matters, effective as of the resolution adoption date and appointing Mr. Tomasz Siwak to the position of ENEA S.A. Management Board Member for Commercial Matters effective as of 17 August 2020.
- On 11 August 2020, the Company reported on its intention to include non-recurring operations of an accounting nature in the financial statements for H1 2020.

- On 8 September 2020, the parties to the Letter of Intent announced on 3 June 2020 on the potential investment in offshore wind farm projects made a decision to terminate their exclusive talks on the potential investment in the projects in question without preparing the term sheet. Accordingly, on the same date, the parties to the Letter of Intent confirmed that it would no longer be binding on them.
- On 17 September 2020 the Company received a statement from the Minister of State Assets that on 16 September 2020 the Minister exercised his powers to appoint a Member of the ENEA S.A. Supervisory Board pursuant to § 24 sec. 1 of the Company's Articles of Association. In accordance with these powers, Mr. Rafał Włodarski was appointed to the Company's Supervisory Board as of 16 September 2020.

Events after the reporting period

- On 1 October 2020, the Company signed a Letter of Intent with the State Treasury on the acquisition by the State Treasury of a 100% equity stake in PGE EJ 1 sp. z o.o. The Letter of Intent had been signed by all shareholders of PGE EJ 1 sp. z o.o. (besides ENEA, these are KGHM Polska Miedź S.A., PGE Polska Grupa Energetyczna S.A. and TAURON Polska Energia S.A.). The company is responsible for the preparation and execution of an investment project involving the construction and operation of Poland's first nuclear power plant. The signatories of the Letter of Intent have committed themselves to taking, in good faith, all steps necessary to prepare and make a transaction involving the acquisition by the State Treasury of an equity stake in PGE EJ 1 sp. z o.o. The State Treasury's intent expressed in the Letter of Intent is to purchase shares in PGE EJ 1 sp. z o.o. by 31 December 2020, although the parties have not set any end date of the Lol's term of validity. The Letter of Intent does not require the parties to execute the Transaction eventually. The decision as to whether or not to execute the Transaction is contingent on the outcome of the negotiations between the parties and the fulfillment of other conditions provided for in the applicable laws or corporate documents.
- On 21 October 2020, the Połaniec Power Plant signed with PSE and annex to the electricity transmission service agreement, on the basis of which warranty testing and measurements were carried out. As of 21 October, the maximum available capacity of Unit 5 was officially increased to 242 MW and of the whole Połaniec Power Plant to 1,899 MW. The modernization of Unit 5 was the last part of a major project entitled "Phoenix" carried out in the Połaniec Power Plant in the 2013-2020 period. It served the purpose of boosting the economics and reliability of the power plant's operations by carrying out a through modernization of six out of seven conventional power units, extension of their life span and modification of the power plant's emission parameters to the current, more strict standards.
- On 23 October 2020 the Company's Supervisory Board adopted a resolution to appoint Mr. Marcin Pawlicki, effective as of 29 October 2020, to the position of the ENEA S.A. Management Board Member for Operational Matters.
- On 27 October 2020, the Company identified the need to recognize an impairment loss on the block of shares held by the Company in Polska Grupa Górnicza S.A. estimated at approx. PLN 254 million in the standalone financial statements for Q3 2020 and approx. PON 129 million in the consolidated financial statements for Q3 2020.
- On 17 November 2020 the Company's Supervisory Board adopted a resolution to dismiss Mr. Jarosław Ołowski, ENEA S.A. Management Board Member for Financial Matters, from the ENEA S.A. Management Board.



1.1 Operating summary of three quarters of 2020

In the first three quarters of 2020, the ENEA Group generated EBITDA of PLN 2,635 million (up by PLN 37 million y/y).



The highest EBITDA of PLN 1,209 million was earned in the Generation area (up by PLN 58 million y/y). A significant increase in EBITDA, by approx. PLN 64 million y/y, was recorded in the System Power Plant segment due to an increase in the trading and Balancing Market margin (higher unit margins, increase in volume), with a simultaneous decrease in the generation margin (lower unit CDS due to the increase in coal costs with transport and CO₂ costs, partly covered by higher energy prices).



The Mining area generated EBITDA of PLN 325 million (down by PLN 287 million y/y). The segment's lower result was attributable mainly to a decrease in revenue from sales of coal (lower sales volume at a higher price) in connection with the unfavorable oversupply of coal in the market.



The Distribution area posted EBITDA of 994 million (up by PLN 189 million y/y). The higher result was driven by higher margins on licensed activities (affected by, among others, a higher rate of the fixed grid charge in the approved 2020 tariff) and a higher result on other operating activities (driven mainly by changes in the provisions for grid assets and higher revenue from contractual penalties and indemnities).



The Trading area posted EBITDA of 59 million (down by PLN 1 million y/y). The segment's result was favorably affected by the increase in the average sales price of energy and the updated valuation of CO₂ contracts. At the same time, the energy purchase prices increased (mainly due to the increase in the price of CO₂ emission allowances) and so did the costs of environmental obligations.



- Higher revenue from sales of electricity
- Higher revenue from sales of distribution services
- Higher revenue from sales of gas
- Higher result on other operating activities
- Lower costs of third-party services

- The ENEA Group made capital expenditures of over **PLN 1,638 million**.
- Production of commercial coal was **5.5 million tons**
- Sales of commercial coal were **5.7 million tons**
- The Group produced nearly **17 TWh** of electricity.
- Sales of heat in the Generation Segment reached **3,989 TJ**.
- Sales of distribution services to end users were over **14 TWh**.
- The volume of sales of electricity and gaseous fuel to retail customers was **15.6 TWh**.

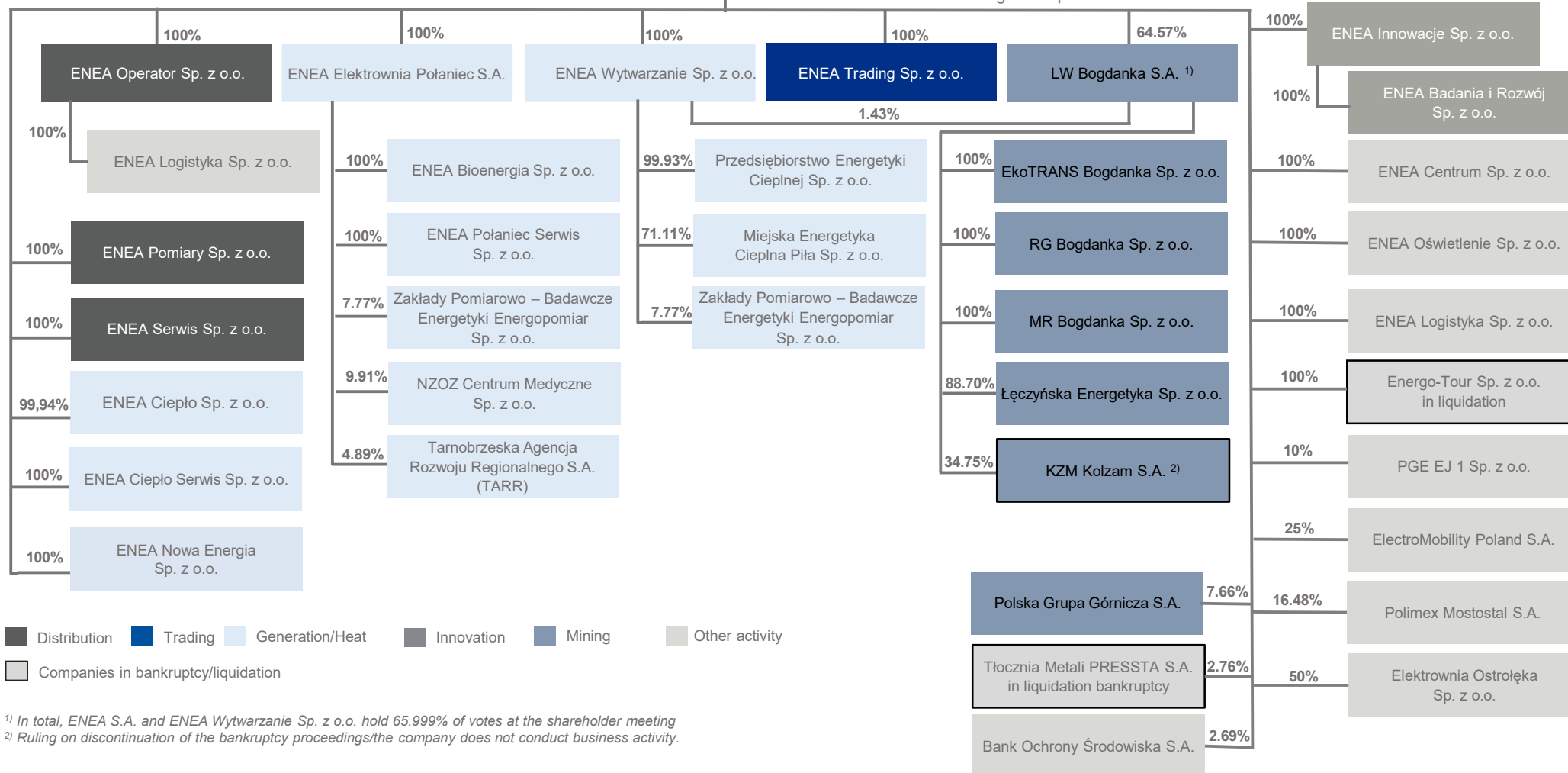
- Higher costs of purchase of electricity and gas
- Higher costs of consumption of materials and supplies
- Higher employee benefit costs
- Higher costs of transmission services
- Drop in revenue from sales of coal

2. Organization and activity of the ENEA Group

2.1. Structure of the ENEA Group

ENE A S.A.

% of votes at the shareholder meeting in companies



There are 6 leading entities in the ENEA Group, namely ENEA S.A. (trading in electricity), ENEA Operator Sp. z o.o. (distribution of electricity), ENEA Wytwarzanie Sp. z o.o. and ENEA Elektrownia Połaniec S.A. (generation and sales of electricity and heat), ENEA Trading Sp. z o.o. (wholesale of electricity) and LW Bogdanka S.A. (coal mining). Other companies carry out ancillary activity in relation to the operations of those listed above. The Group's structure includes also minority interests held by ENEA S.A. and its subsidiaries, in particular ENEA Wytwarzanie Sp. z o.o. and LW Bogdanka S.A.

2.2. Changes in the ENEA Group's structure

Asset restructuring	Following key organizational changes in previous years, in the first three quarters of 2020 the ENEA Group, apart from initiatives associated with the planned changes, did not carry out any major activities in the field of asset restructuring.
Capital divestments	In the first three quarters of 2020, no significant capital divestment activities were carried out.
Changes in the Group's organization	In the first three quarters of 2020, the ENEA Group continued its endeavors aimed at pursuing the Group's Corporate Strategy.
Capital investments	A detailed description of processes related to capital investments is included in the condensed financial statements for the first three quarters of 2020.

Events during the reporting period up to the date of the report

- On 24 February 2020, Annacond Enterprises Sp. z o.o. was deleted from the National Court Register. The decision to strike the Company from the register became final on 12 March 2020.
- On 26 August 2020, the Draft Terms of Division were filed with the District Court Lublin-Wschód in Lublin, for ENEA Wytwarzanie Sp. z o.o. with its registered office in Świerże Górne (Company Being Divided) and ENEA Nowa Energia Sp. z o.o. with its registered office in Radom (Acquiring Company) as part of the reorganization of the Renewable Energy Segment in the ENEA Group. The planned division will be carried out following the procedure under Article 529 par. 1 item 4 of the Commercial Company Code, i.e. by spinning off the RES Segment from ENEA Wytwarzanie Sp. z o.o. to ENEA Nowa Energia Sp. z o.o.
- On 27 August 2020, the Extraordinary Shareholder Meeting of ENEA Operator Sp. z o.o. adopted Resolution no. 1 to increase the Company's share capital by PLN 13,863,800, i.e. from PLN 4,683,073,700 to PLN 4,696,937,500 by creating 138,638 new shares with a par value of PLN 100 each in exchange for a contribution-in-kind of 165,407 shares in ENEA Logistyka Sp. z o.o. with its registered office in Poznań (KRS no. 0000525547) with the par value of PLN 100 each and the total par value of PLN 16,540,700. On 8 September 2020, ENEA S.A. filed a statement on the subscription to 138,638 of the newly-created shares in the increased share capital of ENEA Operator Sp. z o.o. The share capital increase was registered on 27 October 2020.
- On 1 September 2020, the Extraordinary Shareholder Meeting of ENEA Innowacje Sp. z o.o. adopted Resolution no. 1 to increase the Company's share capital by PLN 9,300,000, i.e. from PLN 17,060,000 to PLN 26,360,000 by creating 93,000 new shares with a par value of PLN 100 each. On 2 September 2020, ENEA S.A. subscribed to all the newly-created shares in ENEA Innowacje Sp. z o.o. The share capital increase was registered on 15 October 2020.
- On 3 September 2020, the Extraordinary Shareholder Meeting of ENEA Badania i Rozwój Sp. z o.o. adopted Resolution no. 1 to increase the Company's share capital by PLN 9,300,000, i.e. from PLN 7,855,000 to PLN 17,155,000 by creating 186,000 new shares with a par value of PLN 50 each. On 3 September 2020, ENEA Innowacje Sp. z o.o. subscribed to all the newly-created shares in ENEA Badania i Rozwój Sp. z o.o. The share capital increase was registered on 29 October 2020.
- On 9 September 2020, the ownership of the 100% stake in ENEA Logistyka Sp. z o.o. was transferred to ENEA Operator Sp. z o.o. As a result, ENEA Logistyka Sp. z o.o. became a subsidiary of ENEA Operator Sp. z o.o.
- As part of the corporate actions related to the reorganization of the RES Segment in the ENEA Group, on 10 November 2020 the Extraordinary Shareholder Meeting of ENEA Wytwarzanie Sp. z o.o. with its registered office in Świerże Górne (Company Being Divided) adopted a resolution to divide ENEA Wytwarzanie Sp. z o.o. through a spin-off. The division through a spin-off will be carried out following the procedure set forth in Art. 529 §1 Item 4 of the Polish Commercial Company Code, by transferring to ENEA Nowa Energia Sp. z o.o. in Radom ("Acquiring Company") a collection of tangible and intangible assets separated organizationally, financially and functionally from the Company Being Divided, including liabilities, constituting an organized part of the enterprise within the meaning of Article 4a item 4 of the Corporate Income Tax Act of 15 February 1992 and Article 2 item 27e of the VAT Act of 11 March 2004 ("RES Segment", "OPE"), on the terms and conditions set forth in the Draft Terms of Division of 25 August 2020. The Division will be carried out without reduction of the share capital of the Company Being Divided, by way of reducing other capital items of the Company Being Divided, i.e. retained earnings in the amount of PLN 526,430,903.46. At the same time, on 10 November 2020 the Extraordinary Shareholder Meeting of the Acquiring Company adopted a resolution on dividing the Company Being Divided through a spin-off. i.e. transfer of the OPE of the Company Being Divided in the form of the RES Segment, to the Acquiring Company. By the same resolution, in connection with the transfer of the RES Segment, the share capital of the Acquiring Company was increased from PLN 5,000 to PLN 52,648,100, i.e. by PLN 52,643,100, by creating 1,052,862 new shares, which will be allocated to the sole shareholder of the Acquiring Company, i.e. ENEA S.A. Pursuant to Article 530 § 2 of the Polish Commercial Company Code, the division will be carried out on the Spin-Off Date, i.e. on the date the increase of the Acquiring Company's share capital is entered in the National Court Register. After the share capital increase is registered by the National Court Register, ENEA S.A. will hold 1,052,962 shares in the Acquiring Company representing 100% of its share capital.
- On 23 November 2020, the Extraordinary Shareholder Meeting of PGE EJ 1 Sp. z o.o. adopted a resolution to increase the company's share capital from PLN 370,858 thousand to PLN 750,857 thousand, i.e. by PLN 379,999 thousand. As a result of the increase of the PGE EJ 1 Sp. z o.o.'s share capital, on 24 November 2020 ENEA S.A. subscribed for 269,503 shares in the Company's share capital worth PLN 38,000 thousand. At the same time, the parties decided to set off the receivables related to the subscription for shares with the loan receivables related to all loans granted to the company by ENEA S.A. in the total amount of approx. PLN 19,084 thousand (of principal and interest); consequently, the receivables were set off by the amount equal to the lower figure, i.e. the amount of the loan receivables.

2.3. ENEA Group's business areas



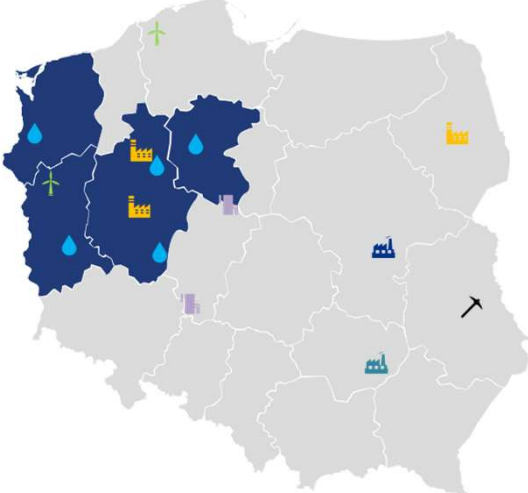
Distribution

- Electricity supply
- Planning and ensuring expansion of the distribution network, including by connecting new customers
- Operation, maintenance and repairs of the distribution grid
- Management of metering data



Generation

- Electricity generation based on bituminous coal, biomass, gas, wind, water and biogas
- Heat generation
- Heat transmission and distribution
- Electricity trading



Wholesale trading

- Optimization of wholesale contracts portfolio for electricity and gaseous fuel
- Operations on product markets
- Ensuring access to wholesale markets



Mining

- Production of bituminous coal
- Sales of bituminous coal
- Securing the ENEA Group's raw material base



Retail trading

- Retail trading in electricity and gaseous fuel
- Product and service offering adjusted to customers' needs
- Comprehensive customer service

2.3.1. Mining

In the ENEA Group, mining activities are carried out by the subsidiary operating under the business name of Lubelski Węgiel Bogdanka S.A. (hereinafter: LW Bogdanka). LW Bogdanka is a leader on bituminous coal market in Poland, standing out in comparison with its peers in terms of financial results, mining efficiency and investment plans including access to new deposits. The bituminous coal sold by LW Bogdanka is used predominantly for the production of electricity, heat and cement. LW Bogdanka's customers are chiefly industrial companies, especially ones operating in the power sector, located in eastern and north-eastern Poland.

Item	Q1-Q3 2019	Q1-Q3 2020	Change	Q3 2019	Q3 2020	Change
Net production [000s of tons]	7,127	5,538	-22.3%	2,301	1,841	-20.0%
Sales of coal [000s of tons]	7,061	5,700	-19.3%	2,292	2,178	-5.0%
Inventories (at period-end) [000s of tons]	153	17	-88.9%	153	17	-88.9%
Excavation works [km]	21.7	19.7	-9.2%	7.5	6.6	-12.0%

2.3.2 Generation

2.3.2.1 Generation assets of the ENEA Group

Item	Installed electricity generation capacity [MW _e]	Achieved electricity generation capacity [MW _e]	Installed heat generation capacity [MW _t]	Installed capacity in RES [MW _e]
Kozienice Power Plant	4,071.8	4,020.0	125.4	-
Połaniec Power Plant	1,837.0	1,889.0	130.0	230.0
Bardy, Darżyno and Baczyna wind farms (Lubno I and Lubno II)	71.6	70.1	0.0	71.6
Liszkowo and Gorzesław biogas plants	3.8	3.8	3.1	3.8
Hydro power plants	58.8	55.8	0.0	58.8
MEC Piła	10.0	10.0	135.3	-
PEC Oborniki	0.0	0.0	27.4	-
ENEA Ciepło (Białystok CHP Plant, "Zachód" Heat Plant)	203.5	156.6	684.1	78.5
Total [gross]	6,256.5	6,205.3	1,105.3	442.7

2.3.2.2. Data for ENEA Wytwarzanie

Item	Q1-Q3 2019	Q1-Q3 2020	Change	Q3 2019	Q3 2020	Change
Total electricity generation (net) [GWh], of which:	13,019	11,895	-8.6%	4,850	4,888	0.8%
Net generation from conventional sources [GWh], including:	12,788	11,656	-8.9%	4,792	4,833	0.9%
<i>ENEA Wytwarzanie</i>	12,742	11,603	-8.9%	4,779	4,816	0.8%
<i>MEC Piła</i>	47	53	12.8%	13	16	30.8%
Generation from renewable energy sources [GWh], including:	231	240	3.5%	58	56	-5.2%
<i>ENEA Wytwarzanie – RES Segment (hydro power plants)</i>	95	100	5.3%	22	24	9.1%
<i>ENEA Wytwarzanie – RES Segment (wind farms)</i>	133	133	0.0%	35	30	-14.3%
<i>ENEA Wytwarzanie – RES Segment (biogas plants)</i>	3	6	100.0%	1	1	0.0%
Gross heat production [TJ]	712	654	-8.1%	76	76	0.0%

Unit 11 in the Kozenice Power Plant	Q1-Q3 2019	Q1-Q3 2020	Change	Q3 2019	Q3 2020	Change
Net electricity production [GWh]	4,232	3,775	-10.8%	1,250	1,633	30.6%
Average monthly net load [MW]	787	707	-10.1%	772	740	-4.1%

2.3.2.3. Data for ENEA Elektrownia Połaniec

Item	Q1-Q3 2019	Q1-Q3 2020	Change	Q3 2019	Q3 2020	Change
Total electricity generation (net) [GWh], of which:	6,602	4,699	-28.8%	2,275	1,473	-35.2%
<i>ENEA Elektrownia Połaniec – net generation from conventional sources</i>	5,344	3,367	-37.0%	1,793	1,145	-36.1%
<i>ENEA Elektrownia Połaniec – generation from renewable energy sources (firing of biomass – Green Unit)</i>	1,074	1,041	-3.1%	436	262	-40.0%
<i>ENEA Elektrownia Połaniec – generation from renewable energy sources (cofiring of biomass)</i>	183	292	58.9%	45	66	46.0%
Gross heat production [TJ]	1,810	1,402	-22.5%	565	505	-10.7%

2.3.2.4. Data for ENEA Ciepło

Item	Q1-Q3 2019	Q1-Q3 2020	Change	Q3 2019	Q3 2020	Change
Total electricity generation (net) [GWh], of which:	257	258	0.4%	69	64	-5.8%
<i>Net generation from conventional sources [GWh], excluding from firing of biomass</i>	130	74	-43.1%	0	0	0.0%
<i>Net generation from renewable energy sources [GWh] – firing of biomass [GWh]</i>	127	184	44.9%	69	64	-5.8%
Gross heat production [TJ] (in combination with the “Zachód” Heat Plant)	2,562	2,403	-6.2%	422	374	-11.5%

2.3.2.5 CO₂ emissions

	Kozienice – Power Plant [t]	Allocation of free CO ₂ emission allowances [t]	Costs of allowances [PLN]
Q1-Q3 2019	11,357,162	1,288,459 ¹⁾	639,454,233.49
Q1-Q3 2020	10,339,290	42,000 ¹⁾	1,089,441,772.35
	MEC Piła	Allocation of free CO₂ emission allowances	Costs of allowances [PLN]
Q1-Q3 2019	52,842 ²⁾	9,850 ³⁾	4,257,468.63
Q1-Q3 2020	53,084 ²⁾	7,868 ⁴⁾	4,549,154.60
	Białystok – CHP plant	Allocation of free CO₂ emission allowances	Costs of allowances [PLN]
Q1-Q3 2019	205,119	87,180 ³⁾	12,548,148.11
Q1-Q3 2020	122,243	70,157 ⁴⁾	5,182,048.71
	Białystok – “Zachód” Heat Plant	Allocation of free CO₂ emission allowances	Costs of allowances [PLN]
Q1-Q3 2019	8,967	682 ³⁾	1,019,916.14
Q1-Q3 2020	7,314 ²⁾	668 ⁴⁾	751,754.00
	Połaniec – Power Plant	Allocation of free CO₂ emission allowances	Costs of allowances [PLN]
Q1-Q3 2019	5,287,124	126,099 ³⁾	321,968,823.73
Q1-Q3 2020	3,402,368	1,241,357 ⁴⁾	298,389,981.44
	Energetyka Łęczyńska	Allocation of free CO₂ emission allowances	Costs of allowances [PLN]
Q1-Q3 2019	29,759	8,261	1,858,041.57
Q1-Q3 2020	29,754	6,535	2,409,895.75
Total Q1-Q3 2019	16,940,973	1,520,531	981,106,632
Total Q1-Q3 2020	13,954,053	1,368,585	1,400,724,607

¹⁾ Accounting treatment

²⁾ Volume of emissions for which the provision is calculated

³⁾ Non-recurring allocation of free-of-charge allowances for 2019




⁴⁾ Non-recurring allocation of free-of-charge allowances for 2020



2.3.2.6. Fuel supply and coal transport

The basic fuel fired by ENEA Wytwarzanie – Koźienice Power Plant to generate electricity was pulverized steam coal. The basic fuels fired by ENEA Elektrownia Połaniec S.A. and ENEA Ciepło Sp. z o.o. (Białystok CHP Plant) in the first three quarters of 2020 were: steam coal and biomass – mainly in the form of steam wood chips, steam willow and poplar wood chips, residues from agricultural production and the agricultural processing industry.

Coal deliveries

	 Koźienice Power Plant	 ENEA Elektrownia Połaniec	 ENEA Ciepło
Major coal suppliers in the first three quarters of 2020	LW Bogdanka (approx. 90%) PGG (approx. 8%)	LW Bogdanka (approx. 53%) PGG (approx. 46%)	LW Bogdanka (approx. 83%)
Main service providers in the first three quarters of 2020	PKP Cargo S.A. (approx. 100%)	Kolprem Sp. z o.o. (approx. 47%) PKP Cargo (approx. 31%)	LW Bogdanka (approx. 83%) PKP Cargo S.A. (approx. 17%)

Purchase of fuel

Type of fuel	Generation Area			
	Q1-Q3 2019		Q1-Q3 2020	
	Quantity [000s of tons]	Cost [PLN million]	Quantity [000s of tons]	Cost [PLN million]
Bituminous coal	8,526	2,180	5,863	1,510
Biomass	1,378	389	1,392	378
(Heavy) fuel oil ¹⁾	12	21	9	12
(Light) fuel oil ²⁾	5	13	5	12
Gas ^{3,4)}	11,876	18	15,786	18
Total		2,621		1,930

¹⁾ Light up fuel in the Koźienice Power Plant, units 1-10

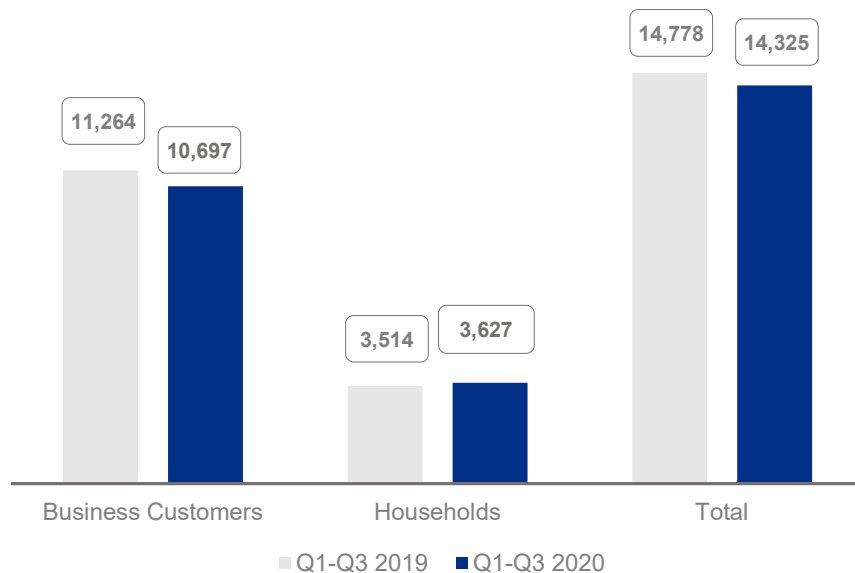
²⁾ Light up fuel in the Koźienice Power Plant, unit 11

³⁾ Used for generation of electricity and heat in MEC Piła and heat in PEC Oborniki

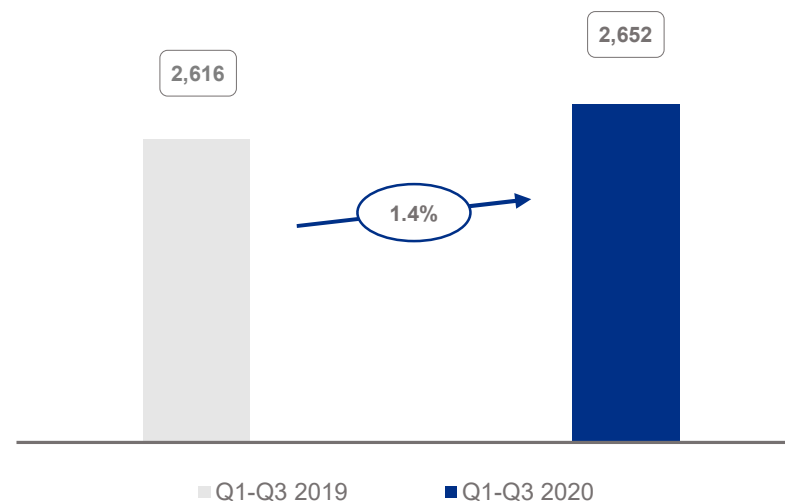
⁴⁾ Used for generation of heat in the "Zachód" Heat Plant; gas volume unit: thousand Nm³

2.3.3. Distribution

Sales of distribution services [GWh]



Number of customers (in thousands)



105.53 – Length of lines [thousand km]

12.86 – Length of connections [thousand km]

38.27 – Number of substations [thousands]

940.87 – Number of connections [thousands]

The decrease in the length of connections compared to the previous year resulted from data verification carried out as part of grid passporting.

Connected RES sources (including micro-installations) in the operating area of ENEA Operator Sp. z o.o.

	Number of connected RES sources, including microinstallations, cumulative	Number of connected microinstallations, based on the submitted reports and requests, cumulative	Total connected RES capacity, including microinstallations, cumulative [MW]	Total capacity of connected microinstallations, based on the submitted reports and requests, cumulative [MW]
2016	2,758	2,408	1,237	15.5
2017	4,573	4,213	1,269	28.4
2018	7,216	6,816	1,329	48.1
2019	19,500	19,008	1,497	134.1
Q1-Q3 2020	46,333	45,753	1,873	323.6

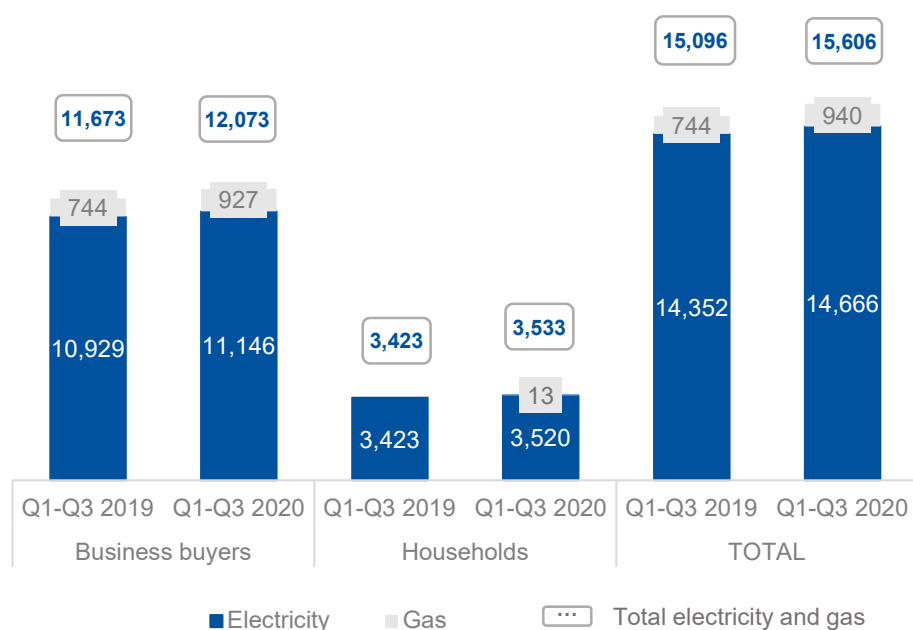
2.3.4. Trading

Sales of electricity and gaseous fuel to retail customers by ENEA S.A.

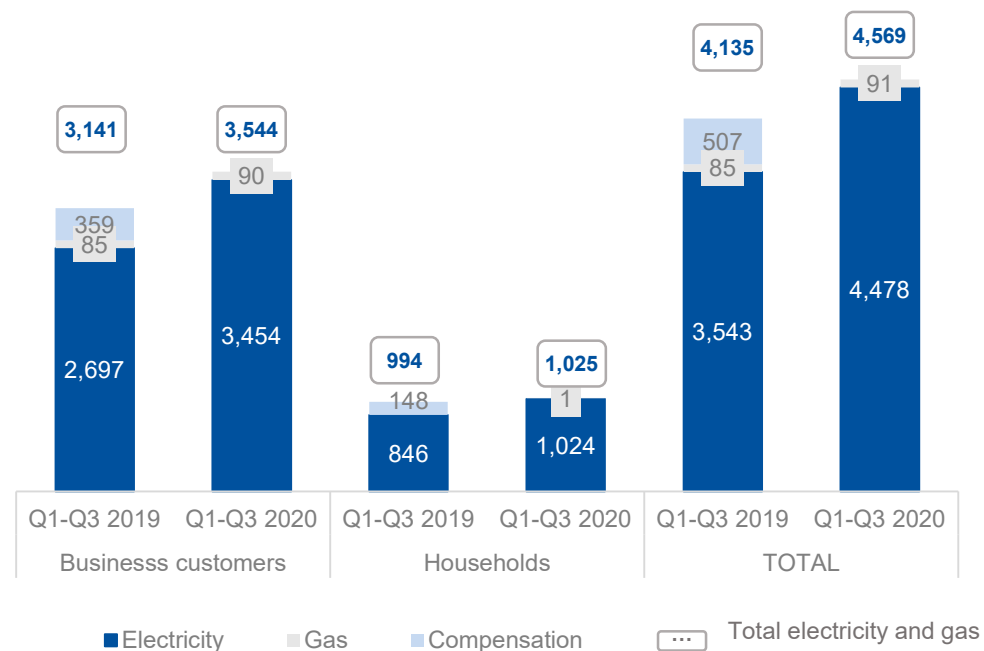
In the first three quarters of 2020, compared to the corresponding period of 2019, the total sales volume of electricity and gaseous fuel increased by 510 GWh, i.e. 3.4%. This increase was driven by sales of electricity in both the business customer segment (by 217 GWh, i.e. 2.0%) and in the household segment (by 97 GWh, i.e. 2.8%). The sales volume of gaseous fuel also increased compared to the corresponding period of the previous year (by 196 GWh, i.e. 26.3%).

Total revenue from sales of electricity and gaseous fuel increased in the first three quarters of 2020 by PLN 434 million, i.e. 10.5%, as compared to the first three quarters of 2019¹⁾. This increase affected revenues both in both the business customer segment and in the household segment.

Sales of electricity and gaseous fuel to retail customers of ENEA S.A. [GWh]



Revenue from sales of electricity and gaseous fuel to ENEA S.A.'s retail customers [PLN million]



¹⁾ Revenue from sales of electricity in the first three quarters of 2019 includes application by the Company of prices and rates at the levels as prescribed by the Act of 28 December 2018 amending the excise duty act and certain other acts and identify revenue resulting from settlements from the Settlements Authority on account of the price difference amount for the first three quarters of 2019 (the so-called "compensation").

2.4. Growth strategy

MISSION:

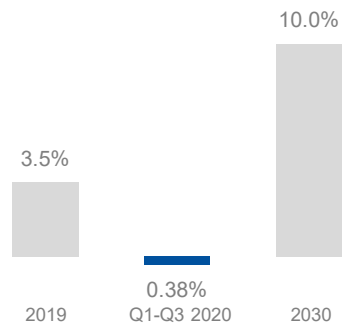
ENEA provides reliable products and services to its customers by building lasting relationships based on respect for the environment and shared values

VISION:

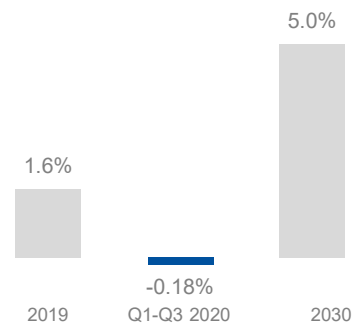
ENEA is a leading supplier of integrated products and services valued for quality, comprehensive approach and reliability

Implementation of the ENEA Group Development Strategy until 2030 with an outlook to 2035

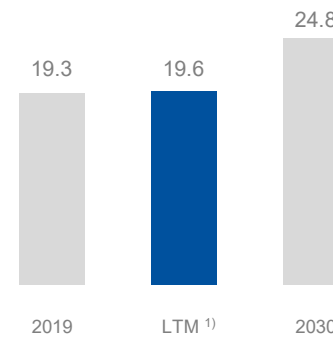
Return on equity (ROE)



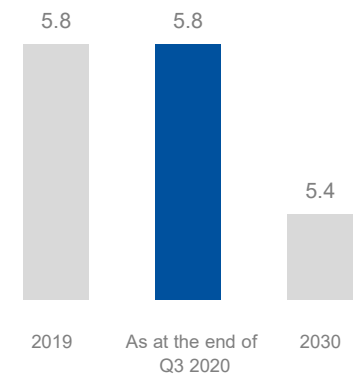
Return on assets (ROA)



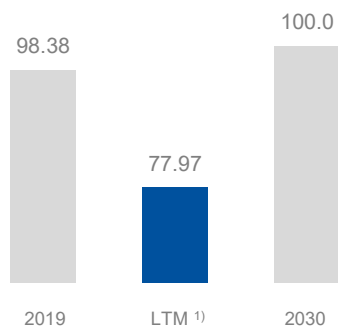
Electricity sales volume [TWh]



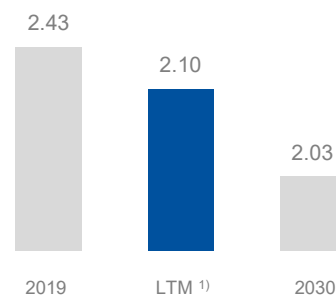
Installed conventional generation capacities [GW]



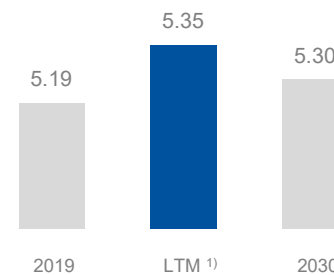
SAIDI [minutes]



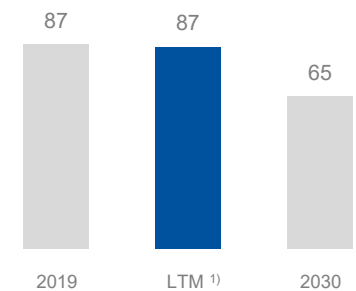
SAIFI



Index of grid distribution losses [%]



Own annual consumption of bituminous coal from own mining assets [%]



¹⁾ LTM covering the period Q4 2019 – Q1-Q3 2020

Implementation of the ENEA Group Development Strategy until 2030 with an outlook to 2035

On 12 December 2019, by the power of a Supervisory Board resolution, ENEA S.A. accepted for implementation the Strategy for 2030 with the 2035 outlook.

ENEA Group intends to conduct its business in a sustainable manner while minimizing its impact on the natural environment. The development directions were updated. The key directions include:

- | | |
|--|---|
| 1) Transformation of generation assets towards zero- and low-emission sources; | 6) Automation, robotization and digitization of processes; |
| 2) Innovative services for ENEA's customers; | 7) Internet of Things, artificial intelligence, blockchain; |
| 3) Contemporary communication with customers and modern cooperation models; | 8) Energy storage; |
| 4) Electromobility, hydrogen technologies; | 9) Sourcing of fuels in accordance with best practices and respect for the environment. |
| 5) Smart Grid – smart solutions for customers; | |

ENEA assumes that it will transition into an innovative low-emission concern offering not only electricity but comprehensive bundles of products and services expected by its Customers.

The development directions form a foundation, which is used to define strategic goals for the Group. ENEA has identified five key strategic goals supporting the transformation of ENEA Group into a low-emission concern.

Diversification of the ENEA Group's generation portfolio;

- 1) Reliability and continuity of electricity supply;
- 2) Responsible partner in sustainable management of relations with local communities, the environment and Customers;
- 3) Ensuring financial security of the ENEA Group;
- 4) Innovativeness in all aspects of the ENEA Group's activity.

Its overriding objective will entail its sustainable development. In connection with the above, the ENEA Group's overriding objective is "Continuous growth of the value of the ENEA Group, while ensuring sustainable development".



-30%

reduction of unit CO₂ emissions



More than 4x

increase in the share of RES in electricity production



43%

share of zero- and low-emission sources in installed capacity

Environment and key stakeholder expectations



Value creation



Competitive advantages



Climate protection



Green energy



Financial stability



Energy security

At the same time the Group launched an analytical process to prepare a strategy update adjusted to the new external conditions, which will enable ambitious, sustainable and effective transformation of the ENEA Group.

2.5. Actions and investments pursued

2.5.1. Capital expenditures

Capital expenditures [PLN million]	Q3 2019	Q3 2020	Actuals Q3 2020 / Plan Q3 2020	Q1-Q3 2019	Q1-Q3 2020	Actuals Q1-Q3 2020 / Plan Q1-Q3 2020	Plan 2020
Mining	127.7	96.4	63.6%	294.7	495.9	87.8%	654.2
Generation	77.6	107.3	80.9%	288.4	362.1	69.3%	751.6
Distribution	221.8	259.2	82.7%	678.3	747.7	96.2%	1,181.1
Support and other	15.3	11.4	34.2%	230.0	31.9	25.1%	180.8
Total plan performance	442.4	474.3	75.2%	1,491.4	1,637.6	82.2%	2,767.7

Investments related to environment protection

Item	Actuals Q3 2020 [PLN million]	Actuals Q1-Q3 2020 [PLN million]
Connections of commercial wind farms (ENEA Operator)	0.9	79.2
Adaptation to BAT conclusions (Połaniec)	10.4	72.7
SCR development for units 9 and 10 (Kozienice)	0.6	27.3
Adaptation to BAT conclusions (Kozienice)	9.7	22.4
Other	8.2	23.1
Total investments related to environmental protection	29.8	224.7



2.5.2. Execution of other projects

Area	Event
Retail area	<ul style="list-style-type: none"> • We took action to optimize the sales model for selling photovoltaic systems in order to achieve a significant increase in sales of these systems and to take advantage of the ENEA Group's potential in this respect to a greater extent. • We completed the expansion of the billing system, as a result of which we will be able to sell additional products and services independently from the sales of electricity. This significantly increases our sales potential and our capacity to generate additional revenues. • We launched the process of signing product contracts online in eBOK (Electronic Customer Service Office) for ENEA Customers in the household segment, which allows the Customers to sign an agreement in just a few steps over the Internet at their convenience. We save costs through full automation of the agreement creation and signing process and digitization. • We started sales of the new ENEA Optima product, which allows business clients to monitor and optimize their energy and power consumption. • On 29 September 2020, the Company filed an application with the Price Settlements Authority to correct the received price difference amount and the compensation for the period from 1 January to 31 December 2019. The application was registered by the Settlements Authority and the Price Settlements Authority started the process of reviewing and approving the application.
Customer Service area	<ul style="list-style-type: none"> • Continuation of work on introducing automation processes in the customer service area through, e.g., robotic process automation (RPA) that will translate into timely achievement of key indicators within the implemented processes, • Launch of the eCustomer Program, the purpose of which is to implement new technical and organizational solutions, increasing the level of digitalization of Customer contacts, develop modern and low-cost channels for reaching and servicing Customers and to develop modern service and sales channels. • Shortening of the contract signing process, by: <ul style="list-style-type: none"> a) restoring, for consumers, the Customer's written statement on accepting an offer as part of Simple Customer Service, b) activating prosumer contracts without having to wait for a return of contracts signed by a Customer and decentralization of processes. • Extension of the scope of business that a Customer may handle through remote contact channels: <ul style="list-style-type: none"> a) enabling the execution/termination of the contract based on the image of documents and a qualified electronic signature b) updating contact data by the Customer during a phone call with a consultant on the 611 111 111 hotline (without the need for written confirmation). c) enabling the execution of product contracts, i.e. Energia + Fachowiec and Energia + Pewna cena in the Electronic Customer Service Office (eBOK) • Actions taken to ensure continuity and improve service during the period of pandemic: <ul style="list-style-type: none"> a) simplifying the process of changing the seller by accepting scanned notices of termination and sending letters to all sellers with a request to accept scanned notices of termination, b) active promotion of accounts in the Electronic Customer Service Office (eBOK) and e-invoices that provide an online access to up-to-date information and invoices along with the option to submit applications, requests and complaints without leaving home, Currently more than half a million Customers have accounts. c) working out with Bank Pekao S.A. and PKO BP the option of electronic authorization of newly received consents to debit the account, rather than authorization in the paper form,
Wholesale area	<ul style="list-style-type: none"> • Project entitled "Creation of a logistical support system for biomass deliveries through seaports to ENEA Elektrownia Połaniec Spółka Akcyjna".

Distribution Area – ENEA Operator

Name of investment	Value [PLN m]
Investments carried out in Q1-Q3 2020:	
<ul style="list-style-type: none"> Construction and modernization of a number of grid infrastructure elements, such as high, medium and low voltage lines and transformer stations, related to the pursuit of the following objectives: fulfilling the public-legal obligation, ensuring energy security for the region, improving the reliability and quality of electricity supply – grid automation, change of the MV network structure from overhead to cable, activities aimed at achieving the “smart grid” standard. 	720.8
<ul style="list-style-type: none"> Development of IT tools supporting grid management 	17.3
<ul style="list-style-type: none"> Development of the infrastructure area in order to support the operations, including, among others, oversight over the correct operation of the fleet in the distribution area, purchase of specialist aerial lifts for live-line working, diagnostic equipment for cable lines and for locating damage in MV and LV lines, maintenance of buildings used 	5.5
Investments planned for Q4 2020:	
<ul style="list-style-type: none"> Construction and modernization of a number of grid infrastructure elements, such as high, medium and low voltage lines and transformer stations, related to the pursuit of the following objectives: fulfilling the public-legal obligation, ensuring energy security for the region, improving the reliability and quality of electricity supply – grid automation, change of the MV network structure from overhead to cable, activities aimed at achieving the “smart grid” standard. 	356.9
<ul style="list-style-type: none"> Development of IT tools supporting grid management 	16.2
<ul style="list-style-type: none"> Development of the infrastructure area in order to support the operations, including, among others, oversight over the correct operation of the fleet in the distribution area, purchase of specialist aerial lifts for live-line working, diagnostic equipment for cable lines and for locating damage in MV and LV lines, maintenance of buildings used 	51.5

Mining Area

Name of investment	Value [PLN m]
Investments carried out in Q1-Q3 2020:	
Development investments:	
<ul style="list-style-type: none"> Ostrów Field – design work. Purchase of finished goods, machinery and equipment 	495.9
Operating investments	
<ul style="list-style-type: none"> New mining pits and modernization of existing ones – 19.7 km of roadways were made in Q1-Q3 2020. Purchase and installation of a shearer system. 	
Investments planned for Q4 2020:	
Development investments:	
<ul style="list-style-type: none"> Ostrów Field – design work. Purchase of finished goods, machinery and equipment 	158.3
Operating investments	
<ul style="list-style-type: none"> New mining pits and modernization of existing ones 	

Generation Area – Kozenice Power Plant

Name of investment	Value [PLN m]
Investments carried out in Q1-Q3 2020:	
<ul style="list-style-type: none"> Modernization of Unit 1 – the unit was started up and synchronized on schedule, i.e. on 11 April 2020. The investment was transferred to Company's assets on 12 May 2020. 	25.9
<ul style="list-style-type: none"> Modernization of draft cooling towers – cells CB21 and CB22. The project was carried out until 15 June 2020. 	5.9
<ul style="list-style-type: none"> Electrostatic precipitator of Unit 4 – the electrostatic precipitator was started up and synchronized with the grid on 2 August 2020. The final acceptance was carried out on 24 August 2020. 	0.6
<ul style="list-style-type: none"> Electrostatic precipitator of Unit 1 – the work has been completed. The final acceptance was carried out on 11 May 2020. 	4.6
<ul style="list-style-type: none"> Continuous monitoring of NH₃, HCl, HF and Hg levels on the smoke stack. Continuation of work under the 2019 contract. A system for continuous monitoring of NH₃, HCl, HF and Hg levels on smoke stack K6 has been installed on the FGD IV installation. Calibration measurements have been performed on the E5B10 emitter in the period from 29 June to 2 July 2020. 	2.2
Investments planned for Q4 2020:	
<ul style="list-style-type: none"> Installation of a catalytic flue gas denitrification system and modernization of electrostatic precipitators for AP-1650 boilers in units 9 and 10 under the 2 x 500 MW Units Modernization Program – continuation from 2018. Unit 9 with a replaced electrostatic precipitator of Unit 9 has been in operation since 30 June 2019. The Adjustment Run started on 5 February 2020 and on 6 March 2019, the Parties signed a report on completion of the Adjustment Run for the SCR Installation of Unit 9 without the DRiM II Station. Built-in SCR Installation of Unit 10 with the modernized electrostatic precipitator of Unit 10 – in operation. The investment was commissioned for operation on 30 June 2020. The final acceptance remains to be performed after the delivery of spare parts, as-built documentation and after the Buyer performs Warranty Measurements. Built-in SCR installation of Unit 9 with a replaced electrostatic precipitator – in operation. It was commissioned for operation on 30 June 2020; the final acceptance remains to be performed after the delivery of spare parts, as-built documentation and after the Buyer performs Warranty Measurements. On 30 June 2020, the Parties to the Agreement signed a Settlement Agreement and Annex 6 to the Agreement. On 2 September 2020, the Contractor notified the Buyer that the Management Board of Rafako S.A. made a decision on 2 September 2020 to open the restructuring procedure for the Company by submitting a relevant declaration to the Court and Economic Monitor. Considering the above, it is estimated that the completion dates specified in Annex 6 may be at risk, in particular the final acceptance dates for SCR Installations in boilers 9 and 10 and electrostatic precipitators 9 and 10. It is currently estimated that the Subject Matter of the Agreement will be completed by 30 June 2021 and the project will end on 30 September 2021. 	27.4
<ul style="list-style-type: none"> Modernization of Unit 5 – the unit is in a standstill until the modernization from 3 August 2020 to 31 October 2020. Installation works are in progress. 	15.3
<ul style="list-style-type: none"> Electrostatic precipitator of Unit 5 – in connection with the stoppage of Unit 5 being delayed from the period of 20 April 2020-18 July 2020 to 3 August 2020-31 October 2020, on 13 July 2020 Annex 1 was signed with the Contractor, i.e. GE Power sp. z o.o., which changed the agreement performance dates. 	4.6
<ul style="list-style-type: none"> Modernization of the cooling water system in the Kozenice Power Plant – because of the significant overrun of the planned budget in the tender process, the concept is currently undergoing a change and a new procedure will be announced. 	0.7
<ul style="list-style-type: none"> Installation of a system for partial removal of heavy metals from flue-gas desulphurization (FGD) wastewater – the quality of wastewater from each FGD was completed, the results of the tests were analyzed and any potential exceedances of BAT guidelines were determined. The electrical part of the works was accepted and measurements were performed confirming the fulfillment of the guaranteed parameters. Annex 1 was signed, which changed the end date of the Agreement of 30 December 2019 to 15 December 2020 and transferred some of the payments because of the unscheduled stoppages of FGD installation and guarantees for the FGD V installation (Unit 11) and Annex 2 changing the completion dates of individual milestones, changing payments in financial years and increasing the budget under the agreement by PLN 20 thousand, while the overall project amount was not changed. The performance of the Agreement with Energopomiar for "Automation of operation of the FGD wastewater treatment system in the 500 MW Unit no. 10 in terms of complying with the restrictions under BAT conclusions" was completed. An agreement with Energopomiar Sp. z o.o. was signed for "Automation and optimization of FGD wastewater treatment systems for FGD I, II and IV in respect to removal of heavy metals and other substances and elements from wastewater to comply with the stricter requirements of BAT Conclusions and the pending Integrated Permit", to be completed on 31 May 2021. 	0.6

Generation Area – Kozenice Power Plant

Name of investment	Value [PLN m]
Investments planned for Q4 2020:	
• EW's formal and legal adjustment to the requirements of the BAT conclusions – on 11 July 2019, an agreement was signed terminating the contract with EKO-NET, thereby ending the first stage of the project. An agreement was entered into with Energopomiar Gliwice to perform the tests necessary to fulfill the BAT9 requirements. Measurements of PK23, 26, 28 and 13 have already been commissioned.	-
• Modernization of the FGD I flue-gas desulphurization installation – The modernization of the facility was completed in April 2020. After the QAL2 calibration measurements and guarantee measurements were performed, certain concerns arose as to the reliability of the presented measurement results and the modernization work itself. Some measurements must be performed again in order to verify whether the modernization was carried out properly. Because of the failure of Unit 9, repeated measurements under the guarantee could not have been completed.	-
• Modernization of the FGD IV flue-gas desulphurization installation – The modernization of the facility was completed in May 2020. According to the agreement, the technology used was to improve the distribution of SO ₂ concentrations. The conclusions from QAL-2 measurements and the related report were that the intended effect was not achieved. The Contractor was requested to present and implement a remedial program. Due to the expected intervention in the modernized unit, the test run and QAL-2 will have to be repeated and guarantee measurements will have to be carried out. The project completion date will be postponed by several months (the completion date is estimated currently on 31 December 2020). In the event that MHPs fails to provide a solution, there is a risk that the project may not be completed this year and the modernization will have to be finalized in 2021.	6.5
• Modernization of Unit 4 – on 2-5 August 2020 the unit underwent a 72-hour test run after the modernization, which was successful. Project settlement is currently in progress.	32.4

Generation Area – Połaniec Power Plant

Name of investment	Value [PLN m]
• EEP's adaptation to BAT conclusions. Completion planned for Q4 2021.	10.4

Generation Area – ENEA Ciepło

Name of investment	Value [PLN m]
Investments carried out in Q1-Q3 2020:	
• Investments with co-funding – rebuilding existing heat distribution networks and hubs	6.1
• Investments related to environment protection – modernization of coal-fired boilers in the Zachód Heat Plant to the environmental requirements – stage II	0
• Development investments – building new heat distribution networks, connections and hubs, telemetry	6.0
• Modernization of the electrostatic precipitator for boiler K8	0.8
• Expansion of the continuous flue gas monitoring system – Hg, NH ₃ , HCL measurements	0.1
• Revitalization of boiler K7	1.1
• Upgrade of the Experion PKS system on units and auxiliary systems and the PHD database	0.3
Investments planned for Q4 2020:	
• Investments with co-funding – rebuilding existing heat distribution networks and hubs	5.3
• Investments related to environment protection – modernization of coal-fired boilers in the Zachód Heat Plant to the environmental requirements – stage II	0.1
• Development investments – building new heat distribution networks, connections and hubs, telemetry	4.6
• Expansion of the continuous flue gas monitoring system – Hg, NH ₃ , HCL measurements	0.3
• Revitalization of boiler K7	1.3
• Upgrade of the Experion PKS system on units and auxiliary systems and the PHD database	0.4

2.5.3. Executed contracts

2.5.3.1. Agreements of material importance to ENEA Group's operations

During the first three quarters of 2020, the Group companies executed no contracts of material importance, although the following contracts were entered into in this period:

- Annex to Multi-Year Steam Coal Purchase Agreement between ENEA Wytwarzanie Sp. z o.o. and Jastrzębska Spółka Węglowa. The Annex introduced to the Agreement an excise declaration on the intended use of coal products for 2020.
- Annex 7 to the Agreement between ENEA Wytwarzanie Sp. z o.o. and Jastrzębska Spółka Węglowa S.A. (JSW). The annex introduced the purchase of 92,000 tons of steam coal from KWK Knurów-Szczygłowie, which will be stored by JSW. The Annex extends the term of the Agreement until 30 September 2020.
- Annex to the Annual Agreement constituting an appendix to the Agreement between Lubelski Węgiel Bogdanka S.A. and ENEA Wytwarzanie Sp. z o.o. The annex introduced the annual settlement of the quantitative performance of the agreement and amended the monthly delivery schedule while maintaining the total quantities for 2020.
- Annex 22 to the Steam Coal Sale Agreement No. 3/W/2012 between ENEA Elektrownia Połaniec S.A. and Lubelski Węgiel Bogdanka S.A. for the purchase of coal. The Annex extended the term of the Agreement until 31 December 2023 (previously the Agreement was effective until 31 December 2021); accordingly the Agreement pertains to the steam coal supply period of 2013-2023. The Annex also set the quantities and terms of delivery (including pricing conditions) for respective years of the agreement.
- Annex 6 to the Agreement and Settlement Agreement between Enea Wytwarzanie Sp. z o.o. and Rafako S.A. in respect to extension of the Agreement performance term in respect to the DRiM II Station Task, with the date of commissioning for operation of 30 March 2021.
- Agreements with PKP CARGO S.A. for the transportation of 6 million tons of steam coal to ENEA Wytwarzanie Sp. z o.o. from Lubelski Węgiel Bogdanka S.A. in the period from July 2020 to October 2021.

2.5.3.2. Sources of funding for the investment program

ENEA S.A. finances the investment programme using financial surpluses from its business activities and external debt. The ENEA Group pursues an investment financing model whereby ENEA S.A. acquires funds from external sources and distributes them to its subsidiaries. In its subsequent activities, ENEA S.A. will focus on ensuring appropriate diversification of external sources of financing for investments planned in the "ENEA Group Development Strategy until 2030 with an outlook to 2035" in order to optimize the volume of costs and debt repayment terms. During the 9-month period ended 30 September 2020, ENEA S.A. did not enter into any new loan agreements. As at 30 September 2020, the nominal debt of ENEA S.A. arising from issued bonds and contracted loans totaled PLN 8,564 million.

2.5.3.3. Sureties and guarantees granted

During the first three quarters of 2020, the ENEA Group companies did not grant any sureties. In this period, one bank guarantee of significant value was granted upon ENEA S.A.'s order (significance threshold being >PLN 5 million) in the amount of PLN 67.4 million. The guarantee secures the liabilities of ENEA Elektrownia Połaniec S.A. As at 30 September 2020, the total value of corporate sureties and guarantees granted by ENEA S.A. to secure the liabilities of the ENEA Group companies was PLN 45.1 million, while the total value of bank guarantees issued at the request of ENEA S.A. and as collateral for liabilities of the ENEA Group companies was PLN 326.2 million.

2.5.3.4. Transactions hedging against the interest rate risk and the currency risk

During the first three quarters of 2020, as part of its pursuit of the "Currency Risk and Interest Rate Risk Management Policy in the ENEA Group", ENEA S.A. entered into transactions hedging the interest rate risk for exposures worth PLN 1,000 million and FX forward transactions hedging the currency risk with a total volume of EUR 1.1 million.

2.5.3.5. Bond issue programs effected by subsidiaries

The ENEA Group has adopted a model of financing investments carried out by ENEA S.A.'s subsidiaries through intra-group financing. ENEA S.A. raises long-term cash on the financial market by taking out loans or issuing bonds, which it then distributes within the ENEA Group. Currently, ENEA S.A. has intra-group bond issue programs in place with a total value of PLN 5,797 million. These programs have been fully utilized and are partly redeemed in installments. As at 30 September 2020, the total nominal exposure arising from bonds held by ENEA S.A. and issued under these programs was PLN 4,879 million.

2.5.3.6. Loans and borrowings incurred by the ENEA Group companies from external sources

As at 30 September 2020, the total nominal amount of external debt under the loans and borrowings incurred by the ENEA Group companies (without ENEA S.A.) was PLN 66.1 million. In 2020, no ENEA Group company terminated any loan agreement.

2.5.3.7. Loans granted by ENEA S.A.

In the first three quarters of 2020, ENEA S.A. entered into five loan agreements: on 30 January 2020 with ENEA Wytwarzanie Sp. z o.o. for PLN 2,200 million; on 28 February 2020 with ENEA Elektrownia Połaniec S.A. for PLN 500 million; on 12 March 2020 with ENEA Operator Sp. z o.o. for PLN 950 million; on 25 June 2020 with PGE EJ 1 Sp. z o.o. for PLN 4 million and on 3 September 2020 with PGE EJ 1 Sp. z o.o. for PLN 6.5 million. These loans were granted to finance the planned expenses of these companies. The interest rate on the first three loans is equal to a base rate plus a margin, while the interest rate on the loans granted to PGE EJ 1 Sp. z o.o. is based on a fixed rate. The availability period of the loans granted to ENEA Wytwarzanie Sp. z o.o., ENEA Elektrownia Połaniec S.A. and ENEA Operator Sp. z o.o. expires on 31 December 2020 and the loans will be repaid in 2024. In the first three quarters of 2020, under the above agreements, ENEA Wytwarzanie Sp. z o.o. drew down two loan tranches for a total amount of PLN 1,100 million, ENEA Elektrownia Połaniec S.A. drew down one loan tranche of PLN 200 million, while ENEA Operator Sp. z o.o. drew down one loan tranche of PLN 500 million. The loan to PGE EJ 1 Sp. z o.o. in the amount of PLN 4 million was drawn down in full, while out of the PLN 6.5 million loan granted to PGE EJ 1 Sp. z o.o. the amount of PLN 3.8 million was drawn down in September 2020. The remaining loan amount, i.e. PLN 2.7 million, was drawn down after the balance sheet date, i.e. after 30 September 2020. In connection with the loan agreement of 23 December 2019 between ENEA S.A., Energa S.A. and Elektrownia Ostrołęka Sp. z o.o. amounting to PLN 340 million, in the first three quarters of 2020 Energa S.A. paid out to Elektrownia Ostrołęka Sp. z o.o. two loan tranches in the total amount of PLN 180 million. The agreement provides for a conditional sale of half of Energa S.A.'s receivables from Elektrownia Ostrołęka Sp. z o.o. to ENEA S.A. (PLN 90 million – 2nd and 3rd tranche together) with the payment date set at 31 January 2021.

On 30 September 2020, ENEA S.A. signed an annex with Energa S.A. and Elektrownia Ostrołęka Sp. z o.o. to the loan agreement for PLN 29 million extending the balloon repayment date of the loan to 26 February 2021. As at 30 September 2020, the nominal debt of these companies toward ENEA S.A. was in aggregate PLN 2,865 million.

2.5.3.8. Related party transactions

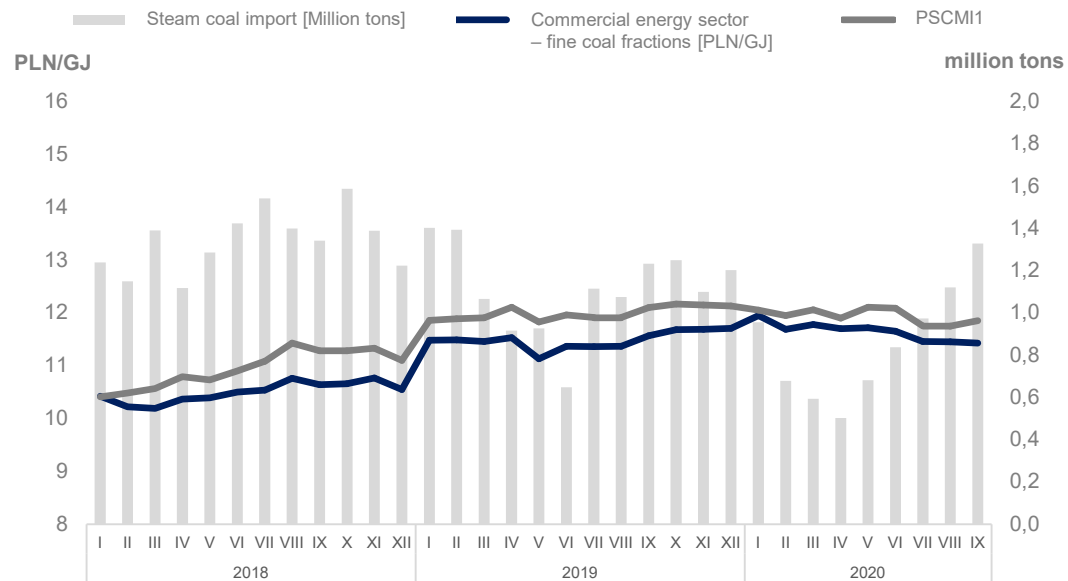
In the first three quarters of 2020, ENEA and its subsidiaries did not enter into any transactions with related parties other than on an arm's length basis. Information on transactions with related parties entered into by ENEA or its subsidiaries is provided in note 24 to the condensed interim consolidated financial statements of the ENEA Group for the period from 1 January to 30 September 2020.

2.5.4. ENEA Group's Risk Model

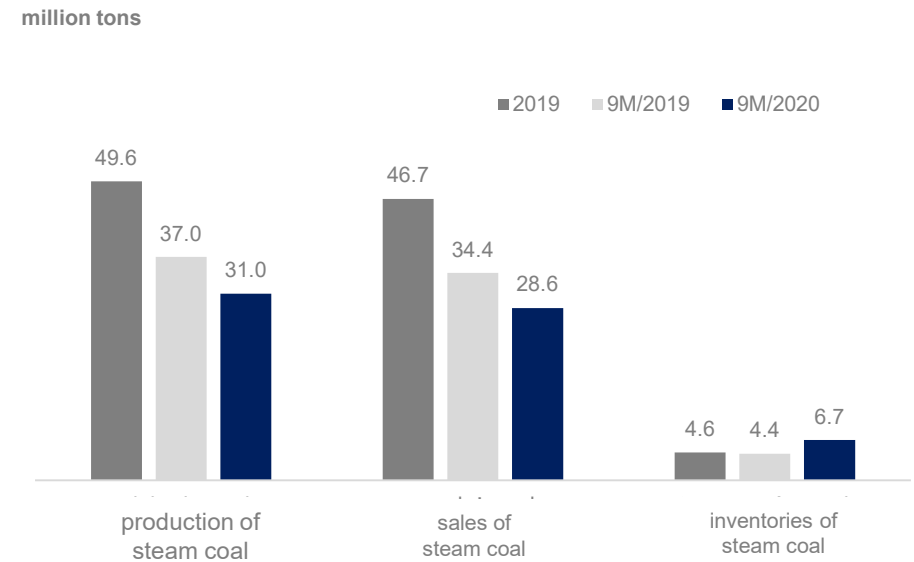
RISK MODEL	CORE RISKS TO WHICH ENEA GROUP IS EXPOSED, BY CATEGORY	EXAMPLES OF RISK MITIGATING MEASURES, BY CATEGORY
STRATEGIC RISKS	<ul style="list-style-type: none"> • Risk resulting from the regulatory environment affecting costs and revenues • Risk of adopting erroneous assumptions for long-term financial projections • Risk of improper management of information in an emergency • Risk of non-compliance with the restrictive objectives of the EU climate policy • Risk of a generation gap • Risk associated with unexpected expenditures and costs that may be incurred as a result of a switch from coal to gas fuel in the Ostrołęka C power plant construction project 	<ul style="list-style-type: none"> • Participation in the work of thematic teams and the bodies of the Energy Trading Association and other industry associations • Monitoring and verification of forecasts of exchange rates, interest rates and other macroeconomic assumptions • Maintaining efficient communication channels with key business units • Participation in the work on regulations for the energy and coal industry • Implementation of solutions aimed at supplementing, enhancing and strengthening the competence and knowledge of the organization, e.g. through paid internships and apprenticeships • Ensuring a transparent, competitive and motivational remuneration system • Monitoring of legislative activities • Updating the financial model in line with planned legislative changes
FINANCIAL RISKS	<ul style="list-style-type: none"> • Risk of default on financing agreements • Risk of a rating downgrade • Liquidity risk • Risk of losses due to counterparty default (including credit risk) • Risk of non-execution or delays in the execution of investments • Risk of adverse environment of the insurance market • Risk of lack of confirmation of the status of the unit upgraded as part of the Capacity Market 	<ul style="list-style-type: none"> • Monitoring of banking covenants in the ENEA Group • Ongoing consultations with a credit rating agency • Structured activities in the area of credit risk management and debt collection, defined in formally adopted documentation • Monitoring the implementation of investment tasks • Preparation of information on transformation of production sources and dialog with the market • Monitoring the performance of renovation and investment work in accordance with the schedule
OPERATIONAL RISKS	<ul style="list-style-type: none"> • Risk of non-compliance with requirements of BAT conclusions • Risk of delays in tendering processes • Risk of breaching laws and internal regulations on information processing and IT security in ENEA Group • Risk of breaching personal data protection laws and internal regulations • Flood risk • Risk of losses in capacity caused by hydrologic conditions • Risk of unavailability of employees as a result of an outbreak of a communicable disease. 	<ul style="list-style-type: none"> • Projects related to adaptation to the requirements of the BAT conclusions • Regular periodic reviews and assessment of personal data processing systems with regard to their security • Information campaign among employees regarding current security rules, including requirements to apply personal protective equipment • Conducting induction and periodic training for employees and associates • Securing personal data processing systems through system security measures
MARKET RISKS	<ul style="list-style-type: none"> • Risk of volatility of commodity prices on the forward market • Risk of non-continuity of fuel supplies • Volumetric risk for fuel and transportation • Risk involved in the sales of the assumed volume of coal to key customers • Risk of significant loss of revenues following a decline in consumption of electricity and gas 	<ul style="list-style-type: none"> • Improving methods and tools to optimize commodity portfolios • Maintaining and developing competence within the Company to manage commodity risk • Diversification of supply sources and service providers • Continuous analysis of the fuel and energy market • Optimization of coal supply within the Group to the Group's generation entities, taking into account the limited throughput of bypass routes and increased costs of transporting coal from LW Bogdanka using bypass routes

2.6. Market environment

Coal prices on the Polish market

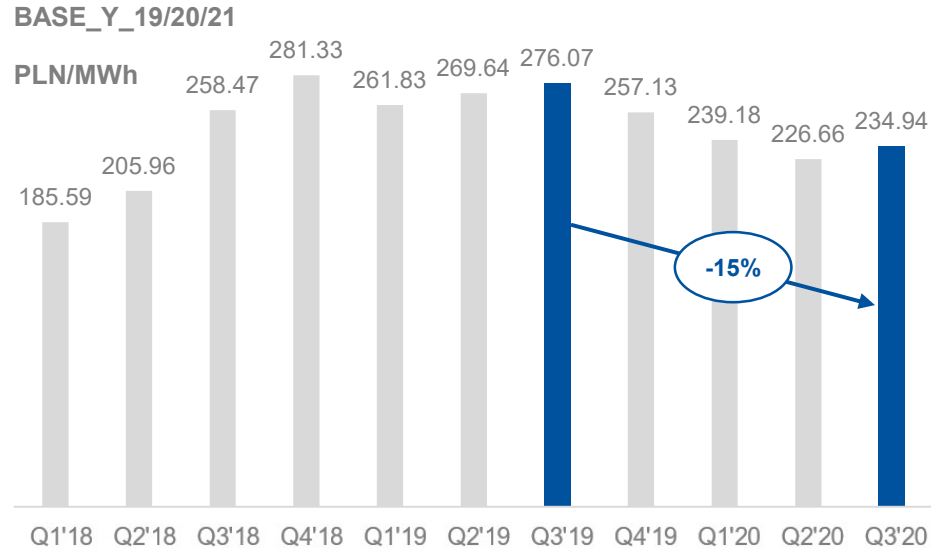


- **PSCMI1:** average price of the PSCMI1 index in 9M 2020 was 11.95 PLN/GJ, only 0.08% y/y down from the average price of 11.94 PLN/GJ in the corresponding period of 2019.
- **Fine coal fractions:** the average price of fine steam coal sold to the commercial energy sector in 9M 2020 was 11.65 PLN/GJ.
- The price was 2% y/y higher than in the corresponding period in 2019.
- Since early 2020, the price of steam coal and fine steam coal, has been fluctuating around 12 PLN/GJ and 11 PLN/GJ.



- A decrease in production and sales of steam coal in Polish mines, coupled with an increase in steam coal inventories and imports at approx. 7.6 million tons.
- From January to September 2020, Polish mines produced 31 million tons of steam coal, compared to 37 million tons in the corresponding period of last year – down by 17.4% y/y. In that period, sales were 28.6 million tons, vs. 34.4 million tons in 2019 – down by 18.8% y/y. At the end of August, inventories of steam coal amounted to 6.7 million tons, up by 64.4% over the year.
- The domestic coal market struggles with oversupply and record high domestic coal inventories; in combination with the current coronavirus pandemic, this caused reduced production by Polish mines during the summer.
- The Polish energy sector begins its transformation towards low-emission technologies. For the Polish mining sector, this means that coal assets may be potentially separated from power companies, while the mines are closed down and coal is gradually abandoned.

Energy prices on the Polish market



Source: PPE, clearing prices

On the wholesale electricity forward market, the price of the BASE Y-21 product in Q3 2020 decreased 15%, to 234.94 PLN/MWh, compared to the corresponding product (i.e. BASE Y-20) in Q3 2019.

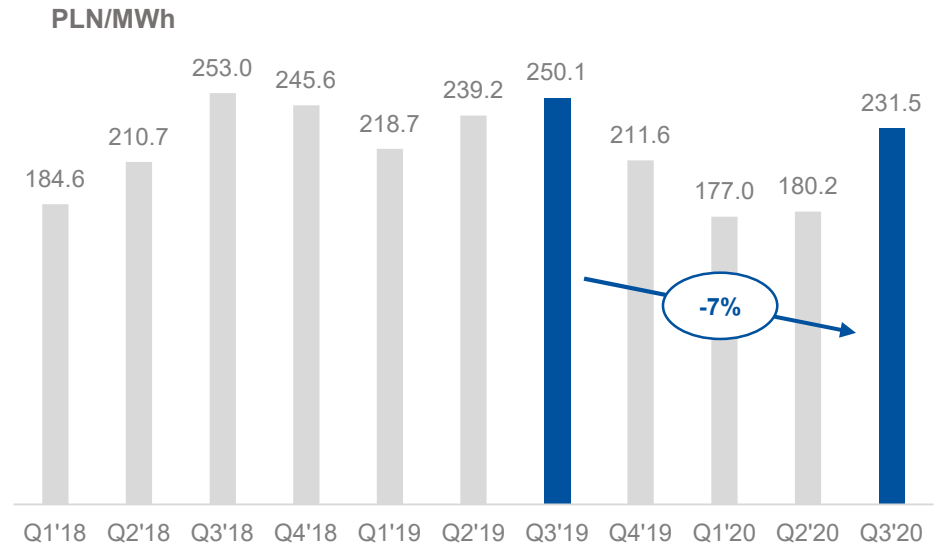
BASE Y-21 prices in Q3 2020 initially followed a downward trend from 226.83 PLN/MWh (the settlement price on August 21st) to 247.00 PLN/MWh (the price on July 6th).

In the period under analysis, the BASE Y-21 prices were chiefly affected by changes in the prices of CO₂ emission allowances. It is worth noting that electricity prices in this quarter fell relatively more than the costs of rights, which caused a decrease in margin on electricity production from sources emitting CO₂.

The average price of electricity on the spot market in Q3 2020 was 7% lower than in the corresponding period of 2019. The level of electricity prices on the spot market in Q3 2020 was affected by the following factors:

- high (and more than 30% higher than in the corresponding period of 2019) energy imports from neighboring countries (price-suppressing effect).
- average demand for power in the National Power System (NPS) was 1.2% lower compared to Q3 2019 (price-suppressing effect),
- relatively cold and rainy summer resulting in a quite peaceful situation in the National Power System (no problems with cooling power plants using water from rivers (price-suppressing effect),

RDN (DAY-AHEAD MARKET) BASE

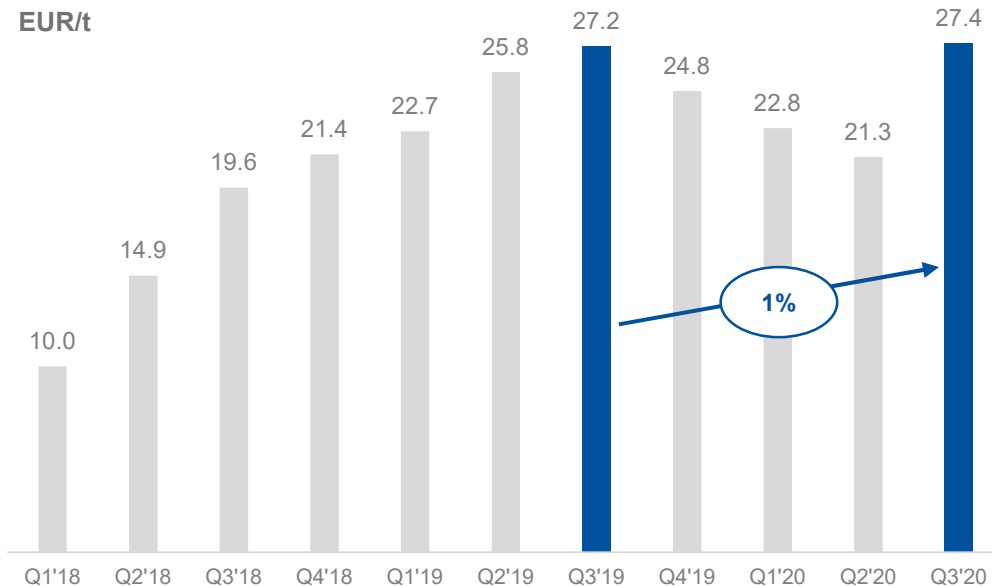


Source: PPE, clearing prices

Prices of CO₂ emission allowances and “green” property rights

CO₂ (Dec-20) emission allowances

EUR/t



Source: ICE, clearing prices

In the period from January 2019 to February 2020, no auction of CO₂ emission allowances for the United Kingdom took place. This was caused by the European Commission’s decision to suspend the allocation of free allowances and auctions for the UK until the reaching of an agreement on the manner of the UK’s exit from the European Union. Uncertainty surrounding the Brexit translated into the high volatility of CO₂ emission allowance prices in 2019.

The beginning of 2020 was quieter: until the beginning of March, the prices of allowances were between 23.2–25.7 EUR/ton. After March 12th, as a result of the spread of coronavirus in Europe, and also as a result of increased supply by unfreezing the auctions for the UK (the first of which took place on 4 March 2020), there was a rapid sale of emissions within a few days causing a significant drop in prices to EUR 15.30 per ton. After this decline, the market started to recover gradually, which was related to the improving sentiments, continued efforts at the EU level to achieve ambitious climate goals and the gradual activation of economies. Throughout this period, the fear of the second coronavirus wave caused price fluctuations. The increases in Q3 2020 were caused, among others, by the proposed changes in the EU ETS system, including publication of a draft proposal of the European Commission to adopt stricter economic objectives.

In Q3 2020, the average price was 1% higher than the average price in the corresponding period of 2019.

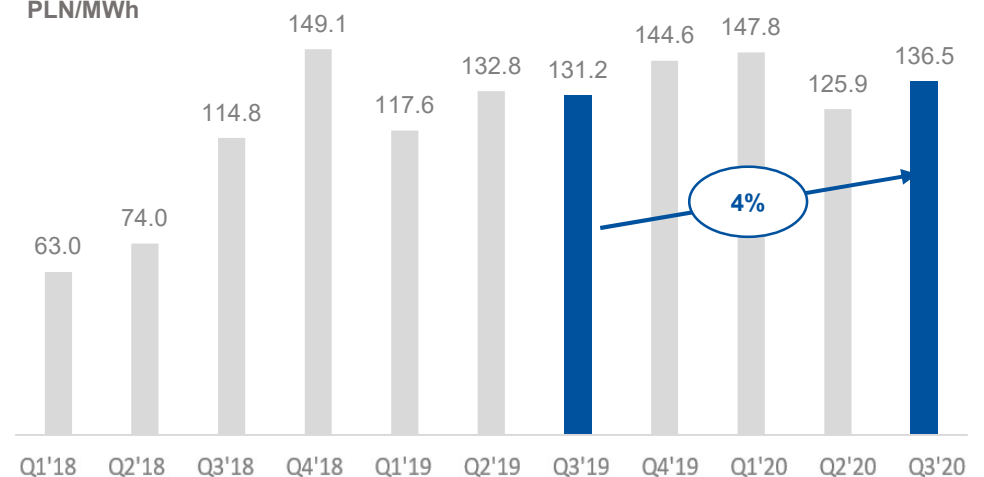
As regards “green” property rights, the prices remained in a side trend in Q1 2020 and in Q2 it followed a downward trend with a low slope. Up until the draft regulation was published (in July 2020), setting the obligation level for 2021 at 19.5%, the prices were below 130 PLN/MWh. Ultimately, the prices reached the level of approx. 140 PLN/MWh and remained in a side trend; as a result the average price of PMOZE_A for Q3 was 136.48 PLN/MWh.

According to data provided by the Polish Power Exchange, approx. 22.5 TWh of property rights were redeemed in the period from 1 July 2019 to 31 June 2020, while about 29.4 TWh remained in the register, which would be enough to cover the entire obligation for 2020. At the end of September 2020, 32.2 TWh of active rights remained in the register.

The draft regulation published on 17 July 2020 increasing the obligation from 19.35% (under Article 59 of the RES Act) to 19.50% in 2021 (retaining the 2020 level) has been accepted and will come into effect.

Prices of “green” property rights (PMOZE_A)

PLN/MWh

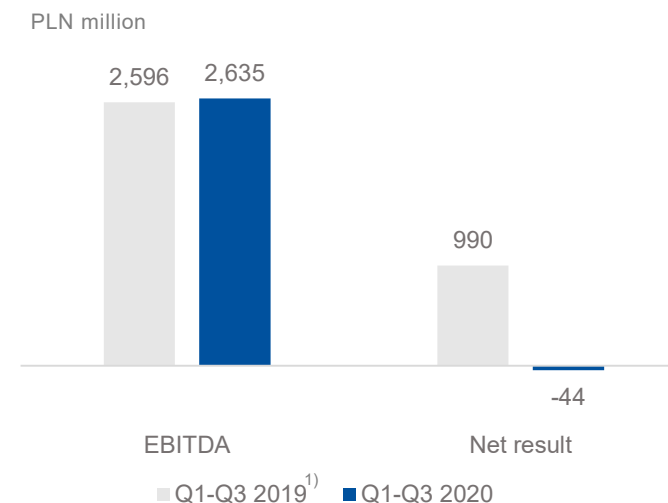


Source: PPE, session market indices

3. Financial standing

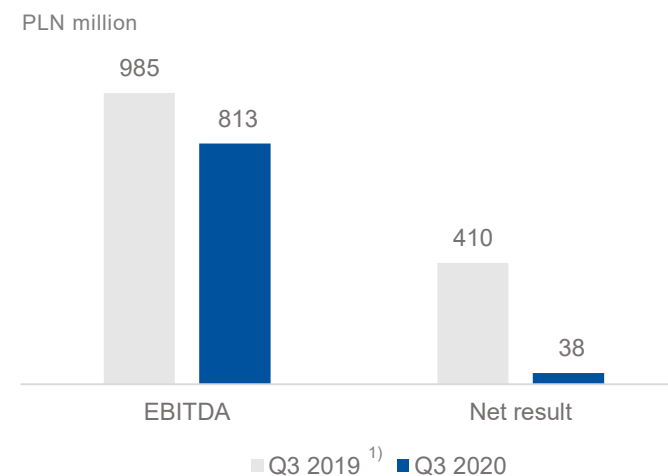
3.1. Selected consolidated financial data

[PLN 000s]	Q1-Q3 2019 ¹⁾	Q1-Q3 2020	Change	Change [%]
Revenue from sales and other income	12,168,789	13,463,898	1,295,109	10.6%
Operating profit / (loss)	1,471,409	923,309	-548,100	-37.3%
Profit / (loss) before tax	1,277,110	90,412	-1,186,698	-92.9%
Net profit / (loss) for the reporting period	989,911	(43,704)	-1,033,615	-104.4%
EBITDA	2,598,382	2,635,107	36,725	1.4%
Net cash flows from:				
operating activities	2,967,896	3,994,082	1,026,186	34.6%
investing activities	(1,788,331)	(1,685,343)	102,988	5.8%
financing activities	553,487	(1,489,578)	-2,043,065	-369.1%
Cash at the end of the period	4,383,890	4,581,108	197,218	4.5%
Net profit/(loss) attributable to shareholders of the parent company	891,537	(62,417)	-953,954	-107.0%
Weighted average number of shares	441,442,578	441,442,578	-	-
Earnings per share [PLN]	2.02	-0.14	-2.16	-106.9%
Diluted earnings per share [PLN]	2.02	-0.14	-2.16	-106.9%



[PLN 000s]	31 December 2019	30 September 2020	Change	Change [%]
Total assets	32,843,854	32,126,295	-717,559	-2.2%
Total liabilities	17,364,083	16,834,437	-529,646	-3.1%
Non-current liabilities	10,855,419	10,091,816	-763,603	-7.0%
Current liabilities	6,508,664	6,742,621	233,957	3.6%
Equity	15,479,771	15,291,858	-187,913	-1.2%
Share capital	588,018	588,018	-	-
Book value per share [PLN]	35.07	34.64	-0.43	-1.2%
Diluted book value per share [PLN]	35.07	34.64	-0.43	-1.2%

[PLN 000s]	Q3 2019 ¹⁾	Q3 2020	Change	Change [%]
Revenue from sales and other income	4,149,213	4,514,443	365,230	8.8%
Operating profit / (loss)	597,967	394,351	-203,616	-34.1%
Profit / (loss) before tax	534,338	100,749	-433,589	-81.1%
Net profit / (loss) for the reporting period	410,466	37,939	-372,527	-90.8%
EBITDA	985,016	813,409	-171,607	-17.4%
Net profit/(loss) attributable to shareholders of the parent company	385,749	36,801	-348,948	-90.5%
Weighted average number of shares	441,442,578	441,442,578	-	-
Earnings per share [PLN]	0.87	0.08	-0.79	-90.8%
Diluted earnings per share [PLN]	0.87	0.08	-0.79	-90.8%



¹⁾ Restatement of data for presentation purposes in accordance with the condensed interim consolidated financial statements

3.2. Key operating data and ratios ¹⁾

	Unit	Q1-Q3 2019 ²⁾	Q1-Q3 2020	Change	Change [%]	Q3 2019 ²⁾	Q3 2020	Change	Change [%]
Revenue from sales and other income	PLN 000s	12,168,789	13,463,898	1,295,109	10.6%	4,149,213	4,514,443	365,230	8.8%
EBITDA	PLN 000s	2,598,382	2,635,107	36,725	1.4%	985,016	813,409	-171,607	-17.4%
EBIT	PLN 000s	1,471,409	923,309	-548,100	-37.3%	597,967	394,351	-203,616	-34.1%
Net profit / (loss) for the reporting period	PLN 000s	989,911	(43,704)	-1,033,615	-104.4%	410,466	37,939	-372,527	-90.8%
Net profit/(loss) attributable to shareholders of the parent company	PLN 000s	891,537	(62,417)	-953,954	-107.0%	385,749	36,801	-348,948	-90.5%
Net cash flows from operating activities	PLN 000s	2,967,896	3,994,082	1,026,186	34.6%	986,134	1,535,697	549,563	55.7%
CAPEX	PLN 000s	1,491,406	1,637,593	146,187	9.8%	442,407	474,343	31,936	7.2%
Net debt / EBITDA ¹⁾	-	1.64	1.37	-0.27	-16.5%	1.64	1.37	-0.27	-16.2%
Return on Assets (ROA) ¹⁾	%	4.1%	-0.2%	-4.3 p.p.	-	5.1%	0.5%	-4.6 p.p.	-
Return on Equity (ROE) ¹⁾	%	8.3%	-0.4%	-8.7 p.p.	-	10.3%	1.0%	-9.3 p.p.	-
Trading									
Sales of electricity and gaseous fuel to retail customers	GWh	15,096	15,606	510	3.4%	4,881	5,102	221	4.5%
Number of customers (Power Delivery Points)	000s	2,524	2,557	33	1.3%	2,524	2,557	33	1.3%
Distribution									
Sales of distribution services to end users	GWh	14,778	14,325	-453	-3.1%	4,811	4,866	55	1.1%
Number of users (closing balance)	000s	2,616	2,652	36	1.4%	2,616	2,652	36	1.4%
Generation									
Total net generation of electricity, of which:	GWh	19,878	16,853	-3,025	-15.2%	7,193	6,426	-768	-10.7%
<i>from conventional sources</i>	GWh	18,263	15,096	-3,167	-17.3%	6,584	5,978	-606	-9.2%
<i>from renewable sources</i>	GWh	1,615	1,757	142	8.8%	608	448	-160	-26.3%
Gross heat generation	TJ	5,084	4,459	-625	-12.3%	1,063	954	-109	-10.2%
Sales of electricity, including:	GWh	22,921	20,786	-2,135	-9.3%	7,997	7,348	-649	-8.1%
<i>from conventional sources</i>	GWh	18,263	15,096	-3,167	-17.3%	6,584	5,978	-606	-9.2%
<i>from renewable sources</i>	GWh	1,615	1,757	142	8.8%	608	448	-160	-26.3%
<i>from purchase</i>	GWh	3,043	3,933	890	29.2%	805	922	118	14.6%
Sales of heat	TJ	4,575	3,989	-586	-12.8%	935	809	-126	-13.5%
Mining									
Net production	000s tons	7,127	5,538	-1,589	-22.3%	2,301	1,841	-460	-20.0%
Sales of coal	000s tons	7,061	5,700	-1,361	-19.3%	2,292	2,178	-114	-5.0%
Inventories at the end of the period	000s tons	153	17	-136	-88.9%	153	17	-136	-88.9%
Excavation works	km	21.7	19.7	-2.0	-9.2%	7.5	6.6	-0.9	-12.0%

¹⁾ Definitions of the ratios are presented on Page 72

²⁾ Restatement of data for presentation purposes in accordance with the condensed interim consolidated financial statements

3.3. Financial performance of the ENEA Group in Q1-Q3 2020 and Q3 2020

Consolidated statement of profit and loss in Q1-Q3 2020

[PLN 000s]	Q1-Q3 2019 ¹⁾	Q1-Q3 2020	Change	Change [%]
Revenue from sales of electricity	8,803,270	10,338,327	1,535,057	17.4%
Revenue from sales of heat	246,121	239,307	-6,814	-2.8%
Revenue from sales of gas	105,089	202,196	97,107	92.4%
Revenue from sales of distribution services	2,083,727	2,309,758	226,031	10.8%
Revenue from certificates of origin	15,436	8,629	-6,807	-44.1%
Revenue from sales of goods and materials	78,663	72,042	-6,621	-8.4%
Revenue from sales of other products and services	132,109	122,631	-9,478	-7.2%
Revenue from sales of coal	194,930	160,830	-34,100	-17.5%
Net revenue from sales	11,659,345	13,453,720	1,794,375	15.4%
Compensation	506,577	0	-506,577	-100.0%
Revenue from leases and operating subleases	2,867	10,178	7,311	255.0%
Revenue from sales and other income	12,168,789	13,463,898	1,295,109	10.6%
Amortization and depreciation	1,131,252	1,189,814	58,562	5.2%
Employee benefit costs	1,334,713	1,454,779	120,066	9.0%
Consumption of materials and supplies and cost of goods sold	2,506,510	2,642,122	135,612	5.4%
Purchase of energy and gas for subsequent sale	4,419,831	5,469,283	1,049,452	23.7%
Transmission services	330,109	355,046	24,937	7.6%
Other third-party services	658,884	650,428	-8,456	-1.3%
Taxes and charges	331,261	335,387	4,126	1.2%
Tax-deductible expenses	10,712,560	12,096,859	1,384,299	12.9%
Other operating revenue	123,752	182,284	58,532	47.3%
Other operating costs	137,179	129,409	-7,770	-5.7%
Change in provision related to onerous contracts	60,702	53,432	-7,270	-12.0%
Profit/(loss) on change, sale and liquidation of property, plant and equipment and right-of-use assets	(36,374)	(28,053)	8,321	22.9%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	(4,279)	521,984	526,263	12298.7%
Operating profit / (loss)	1,471,409	923,309	-548,100	-37.3%
Finance costs	238,667	260,021	21,354	8.9%
Finance income	44,027	31,353	-12,674	-28.8%
Dividend income	201	275	74	36.8%
Impairment allowances on financial assets measured at amortized cost	0	141,470	141,470	100.0%
Share in the results of associates and jointly controlled entities	140	-333,826	-333,966	-238547.1%
Impairment loss on investments in associates and jointly controlled entities	0	129,208	129,208	100.0%
Profit / (loss) before tax	1,277,110	90,412	-1,186,698	-92.9%
Income tax	287,199	134,116	-153,083	-53.3%
Net profit / (loss) for the reporting period	989,911	(43,704)	-1,033,615	-104.4%
EBITDA	2,598,382	2,635,107	36,725	1.4%

Q1-Q3 2020

EBITDA drivers in the ENEA Group (up PLN 37 million):

(+) an increase in revenue from sales of electricity by PLN 1,535 million, driven mainly by a 400 GWh increase in sales volume, a 16% increase in the average sales price and higher revenues from Regulatory System Services

(+) an increase in revenue from sales of distribution services by PLN 226 million as a result of higher rates in the approved 2020 tariff

(+) an increase in revenue from sales of natural gas by PLN 97 million, driven mainly by a 1,299 GWh increase in the sales volume and a 14% decrease in the average sales price

(-) a decrease in revenue from sales of coal by PLN 34 million driven mainly by a lower sales volume, combined with a slightly higher price

(-) a decrease in revenue from sales of other products and services by PLN 9 million – lower sales of LWB's industrial services and services provided outside of the Group by LWB Group subsidiaries

(-) a decrease in revenue from sales of goods and materials by PLN 7 million resulting from a lower demand for goods from external buyers

(-) a decrease in revenue from sales of heat by PLN 7 million, driven mainly by a 592 TJ decrease in sales volume and a concurrent increase in the average sales price by approx. 11%

(-) a decrease in revenue from sales of certificates of origin by PLN 7 million resulting from a lower volume of transactions outside of the Group

(-) in Q1-Q3 2019, revenue included the estimated price difference and compensation amount in the amount of PLN 506.6 million, which covers the price differences between the prices used in settlements with customers and the prices set as benchmarks for calculating the price difference amount under the Act amending the Excise Duty Act and its secondary regulations.

(+) an increase in revenue from leases and operating subleases by PLN 7 million – mainly LWB

(-) an increase in employee benefit costs by PLN 120 million driven mainly by higher average headcount and higher payroll costs and payroll-related charges and a change in actuarial provisions

(-) an increase in the costs of consumption of materials and supplies and cost of goods sold by PLN 136 million results from:

(-) higher costs of purchasing CO₂ emission allowances, coupled with lower costs of purchasing coal for the whole Generation Segment

(+) a decrease in the cost of goods and materials sold – mainly due to lower sales

(+) remeasurement of CO₂ contracts

(-) an increase in the costs of purchasing electricity and gas by PLN 1,049 million results mainly from:

(-) electricity: volume +3,699 GWh; price +3%

(-) natural gas: volume +1,315 GWh; price -17%

(-) an increase in costs of transmission services by PLN 25 million, mainly due to higher rates in the approved 2020 tariff

(+) a decrease in costs of third-party services by PLN 8 million caused mainly by a reduction of outsourcing work in favor of in-house performance of works and higher costs of consulting services and waste management

(-) an increase in taxes and charges by PLN 4 million caused partly by a higher property tax and higher fees on the establishment of transmission easements

(-) change in provisions related to onerous contracts by PLN 7 million – in Q1-Q3 2019, the use of the provision for onerous contracts was posted in the amount of PLN 60.7 million, regarding the financial effects of the entry into force of the Act amending the Excise Duty Act and Certain Other Acts of 28 December 2018, while in Q1-Q3 2020 a portion of the provision in the amount of PLN 53.4 million, established in December 2019 in the amount of PLN 68.6 million, was partly used in the costs for the loss on the G tariff approved by the Energy Regulatory Office

(+) the result on other operating activities up by PLN 75 million:

(+) impairment losses on overdue receivables and uncollectible receivables down by PLN 25 million

(+) provisions for potential claims down by PLN 13 million

(+) remeasurement of CO₂ contracts by PLN 11 million

(+) balance of refunds from the insurer up by PLN 10 million

(+) loss arising from liquidation of property, plant and equipment down by PLN 8 million, among others in connection with a change in the range of liquidated mining pits

(+) revenues arising from compensation, penalties and fines up by PLN 5 million

Material factors driving the net result:

(-) impairment allowance on generating assets of the ENEA Wytwarzanie Sp. z o.o. subsidiary in the amount of PLN 523 million

(-) impairment loss on the value of loans granted to Elektrownia Ostrołęka Sp. z o.o. including interest in the amount of PLN 137 million

(-) recognition of a provision for future investment commitments to Elektrownia Ostrołęka Sp. z o.o. and Energa S.A. in the amount of PLN 219 million

(-) impairment loss on the value of shares in Polska Grupa Górnicza S.A. in the amount of PLN 129 million

¹⁾ Restatement of data for presentation purposes in accordance with the condensed interim consolidated financial statements

Consolidated statement of profit and loss in Q3 2020

[PLN 000s]	Q3 2019 ¹⁾	Q3 2020	Change	Change [%]
Revenue from sales of electricity	3,154,495	3,555,411	400,916	12.7%
Revenue from sales of heat	54,769	52,592	-2,177	-4.0%
Revenue from sales of gas	26,692	46,543	19,851	74.4%
Revenue from sales of distribution services	707,400	744,177	36,777	5.2%
Revenue from certificates of origin	4,030	735	-3,295	-81.8%
Revenue from sales of goods and materials	26,285	29,298	3,013	11.5%
Revenue from sales of other products and services	41,401	38,432	-2,969	-7.2%
Revenue from sales of coal	57,711	44,675	-13,036	-22.6%
Net revenue from sales	4,072,783	4,511,863	439,080	10.8%
Compensation	76,176	0	-76,176	-100.0%
Revenue from leases and operating subleases	254	2,580	2,326	915.7%
Revenue from sales and other income	4,149,213	4,514,443	365,230	8.8%
Amortization and depreciation	387,049	418,846	31,797	8.2%
Employee benefit costs	461,563	473,840	12,277	2.7%
Consumption of materials and supplies and cost of goods sold	859,129	979,061	119,932	14.0%
Purchase of energy and gas for subsequent sale	1,413,407	1,786,374	372,967	26.4%
Transmission services	117,461	118,151	690	0.6%
Other third-party services	223,467	249,712	26,245	11.7%
Taxes and charges	104,565	114,160	9,595	9.2%
Tax-deductible expenses	3,566,641	4,140,144	573,503	16.1%
Other operating revenue	47,058	46,793	-265	-0.6%
Other operating costs	37,630	29,798	-7,832	-20.8%
Change in provision related to onerous contracts	19,698	14,127	-5,571	-28.3%
Profit/(loss) on change, sale and liquidation of property, plant and equipment and right-of-use assets	(13,731)	(10,858)	2,873	20.9%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	0	212	212	100.0%
Operating profit / (loss)	597,967	394,351	-203,616	-34.1%
Finance costs	85,206	86,313	1,107	1.3%
Finance income	16,893	8,017	-8,876	-52.5%
Dividend income	101	123	22	21.8%
Impairment allowances on financial assets measured at amortized cost	0	2,733	2,733	100.0%
Share in the results of associates and jointly controlled entities	4,583	-83,488	-88,071	-1921.7%
Impairment loss on investments in associates and jointly controlled entities	0	129,208	129,208	100.0%
Profit / (loss) before tax	534,338	100,749	-433,589	-81.1%
Income tax	123,872	62,810	-61,062	-49.3%
Net profit / (loss) for the reporting period	410,466	37,939	-372,527	-90.8%
EBITDA	985,016	813,409	-171,607	-17.4%

Q3 2020

ENEAGroup – EBITDA drivers (down by PLN 172 million):

(+) an increase in revenue from sales of electricity by PLN 401 million, driven mainly by a 126 GWh increase in sales volume, a 12% increase in the average sales price and lower revenues from Regulatory System Services

(+) an increase in revenue from sales of natural gas by PLN 20 million, driven mainly by a 279 GWh increase in the sales volume and a 14% decrease in the average sales price

(+) an increase in revenue from sales of distribution services by PLN 37 million as a result of higher rates in the approved 2020 tariff and a 55 GWh increase in volume

(-) a decrease in revenue from sales of coal by PLN 13 million driven mainly by a lower sales volume

(-) in Q3 2019, the recognized compensation amount of PLN 76.2 million – the amount covering the price difference between the prices used in settlements with customers in Q3 2019 and the prices set as benchmarks for calculating the price difference amount under the Act amending the Excise Duty Act and its secondary regulations

(-) an increase in employee benefit costs by PLN 12 million driven mainly by higher average headcount and higher payroll costs and payroll-related charges

(-) an increase in the costs of consumption of materials and supplies and cost of goods sold by PLN 120 million results from:

(-) higher costs of purchasing CO₂ emission allowances, coupled with lower costs of purchasing coal and biomass consumption for the whole Generation Segment

(-) remeasurement of CO₂ contracts

(-) an increase in the costs of purchasing electricity and gas by PLN 373 million results mainly from:

(-) electricity: volume +991 GWh; price +6%

(-) natural gas: volume +289 GWh; price -14%

(-) an increase in costs of third-party services by PLN 26 million caused mainly by an increase in cost of sales in LWB in connection with the sales of significant quantities of coal from inventories and recognition of coal production costs in the profit and loss account

(-) an increase in taxes and charges by PLN 10 million caused partly by a higher property tax and higher fees on the establishment of transmission easements

(-) a change in the provision related to onerous contracts – in Q3 2019, the use of the provision for onerous contracts was posted in the amount of PLN 19.7 million, regarding the financial effects of the entry into force of the Act amending the Excise Duty Act and Certain Other Acts of 28 December 2018. In Q3 2020, a PLN 14.1 million portion of the provision in the amount of PLN 68.6 million established in December 2019 was used to cover the costs of the loss on the G tariff approved by the Energy Regulatory Office.

(+) the result on other operating activities up by PLN 10 million:

(+) provisions for potential claims down by PLN 14 million

(+) remeasurement of CO₂ contracts by PLN 6 million

(-) fixed assets accepted free of charge down by PLN 8 million

(-) revenues arising from compensation, penalties and fines down by PLN 5 million

Material factors driving the net result:

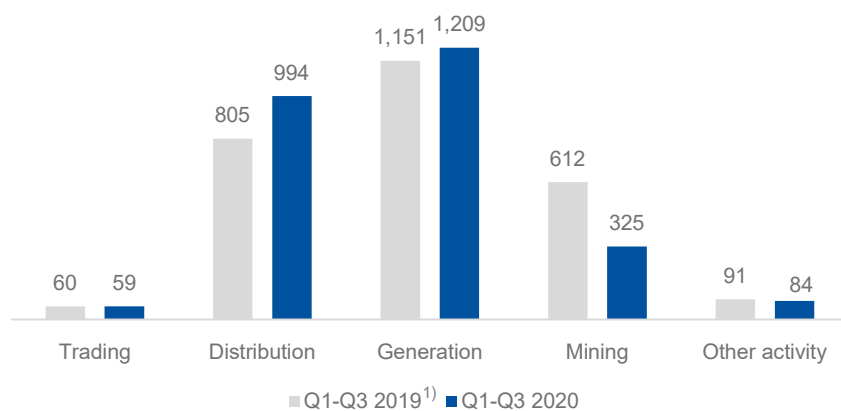
(-) impairment loss on the value of the block of shares in Polska Grupa Górnicza S.A. in the amount of PLN 129 million

¹⁾ restatement of data for presentation purposes in accordance with the condensed interim consolidated financial statements

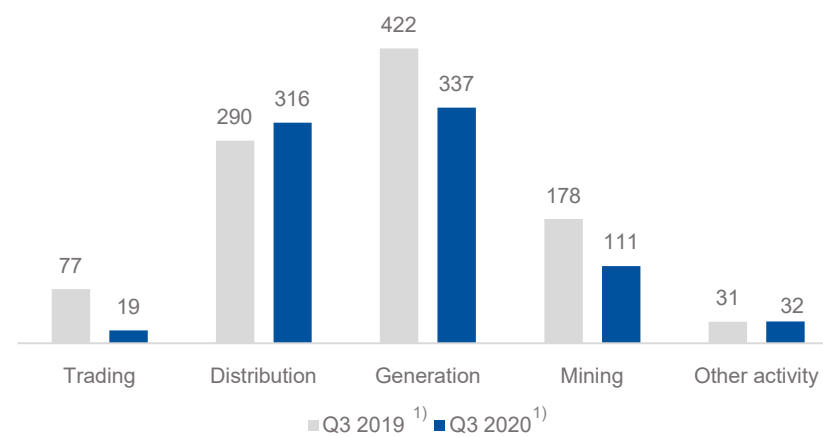
Financial results of the ENEA Group in Q1-Q3 and Q3 2020

EBITDA [PLN 000s]	Q1-Q3 2019 ¹⁾	Q1-Q3 2020	Change	Change [%]	Q3 2019 ¹⁾	Q3 2020 ¹⁾	Change	Change [%]
Trading	59,825	58,858	-967	-1.6%	77,359	18,548	-58,811	-76.0%
Distribution	805,425	994,027	188,602	23.4%	289,659	315,528	25,869	8.9%
Generation	1,151,443	1,209,002	57,559	5.0%	421,769	336,923	-84,846	-20.1%
Mining	612,128	324,929	-287,199	-46.9%	177,647	110,615	-67,032	-37.7%
Other activity	90,514	83,975	-6,539	-7.2%	31,043	31,546	503	1.6%
Unassigned items and elimination	-120,953	-35,684	85,269	70.5%	-12,461	249	12,710	102.0%
Total EBITDA	2,598,382	2,635,107	36,725	1.4%	985,016	813,409	-171,607	-17.4%

PLN million



PLN million

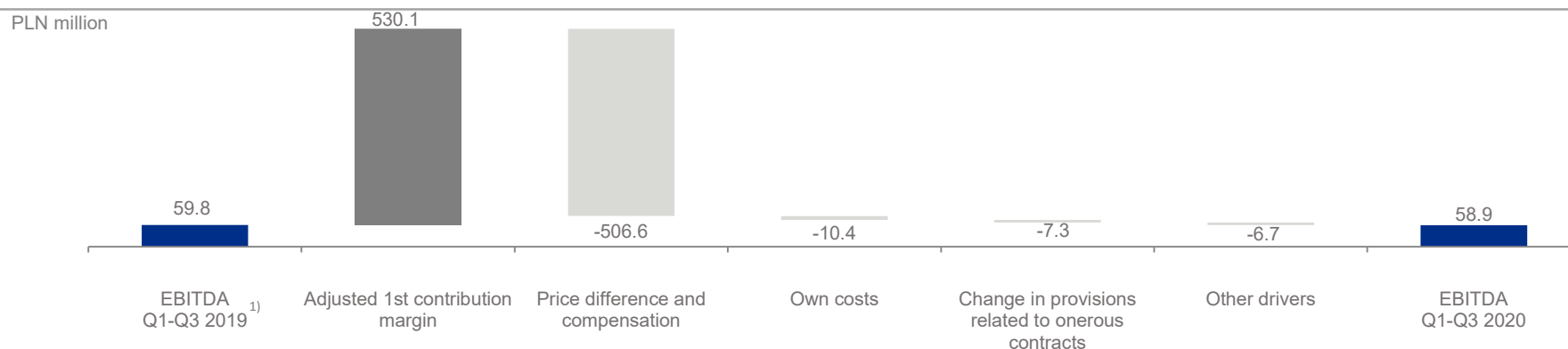


¹⁾ restatement of data for presentation purposes in accordance with the condensed interim consolidated financial statements

Trading Area

Retail sales of electricity are carried out by ENEA S.A. Wholesale trade is carried out by ENEA Trading Sp. z o.o.

[PLN 000s]	Q1-Q3 2019 ¹⁾	Q1-Q3 2020	Change	Change [%]	Q3 2019 ¹⁾	Q3 2020	Change	Change [%]
Net revenue from sales	6,020,706	5,871,544	-149,162	-2.5%	2,067,207	1,872,382	-194,825	-9.4%
Compensation	506,577	0	-506,577	-100.0%	76,176	0	-76,176	-100.0%
Revenue from sales and other income	6,527,283	5,871,544	-655,739	-10.0%	2,143,383	1,872,382	-271,001	-12.6%
EBIT	58,565	57,827	-738	-1.3%	76,919	18,180	-58,739	-76.4%
Amortization and depreciation	1,260	1,031	-229	-18.2%	440	368	-72	-16.4%
EBITDA	59,825	58,858	-967	-1.6%	77,359	18,548	-58,811	-76.0%
CAPEX ²⁾	36	711	675	1875.0%	3	34	31	1033.3%
Share of the segment's sales revenue in the Group's sales revenue	39%	36%	-3 p.p.		38%	34%	-4 p.p.	



Q1-Q3 2020 EBITDA drivers:

Adjusted first contribution margin

- (+) average energy sales price up by 23.7%
- (+) energy sales volume up by 2.2%
- (-) average energy purchase price up by 11.0%
- (-) costs of environmental obligations up by 6.1%
- (+) higher result on trade in gaseous fuel
- (+) lower costs of provisions for claims under terminated RES property rights contracts by PLN 2.0 million
- (+) remeasurement of CO₂ contracts, forward transactions for energy, gas and property rights

Price difference and compensation

(-) the estimated price difference and compensation amount recognized in Q1-Q3 2019 was PLN 506.6 million – it was the amount covering the price difference between the prices used in settlements with customers in Q1-Q3 2019 and the prices set as benchmarks for calculating the price difference amount under the Act amending the Excise Duty Act and its secondary regulations.

Own costs

- (-) direct selling costs up by PLN 22.6 million
- (+) general and administrative expenses up by PLN 2.6 million
- (+) costs of shared services down by PLN 9.6 million

Change in provisions related to onerous contracts

(-) in Q1-Q3 2019, the use of the provision for onerous contracts was posted in the amount of PLN 60.7 million, regarding the financial effects of the entry into force of the Act amending the Excise Duty Act and Certain Other Acts of 28 December 2018. In Q1-Q3 2020, a PLN 53.4 million portion of the provision in the amount of PLN 68.6 million established in December 2019 was used to cover the costs of the loss on the G tariff approved by the Energy Regulatory Office.

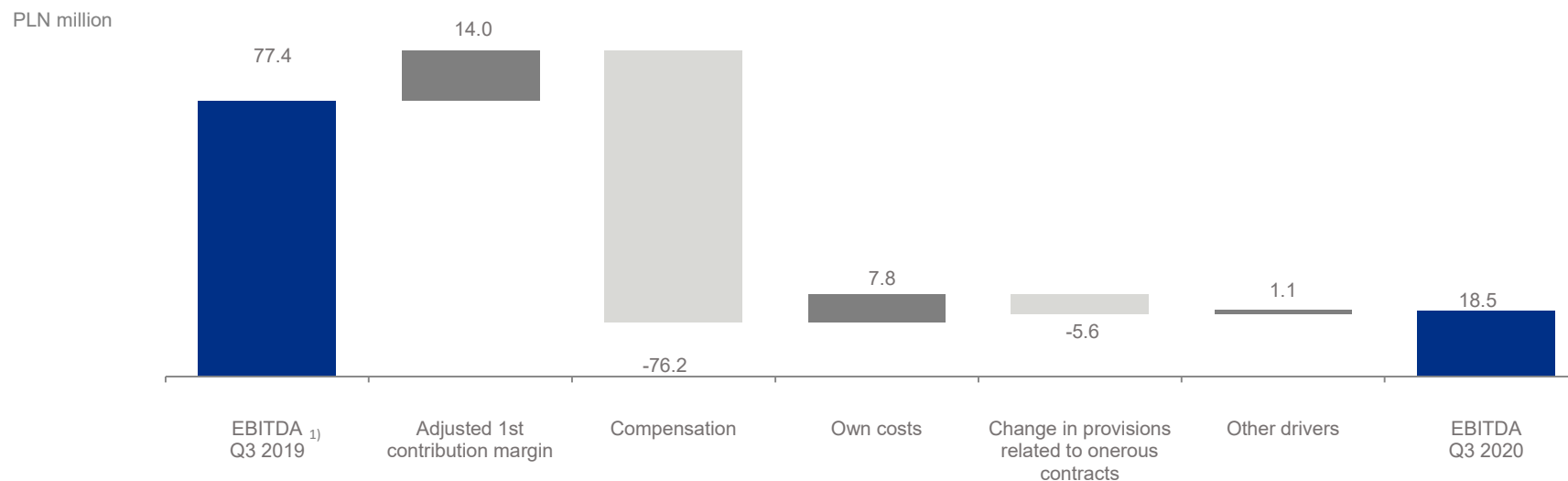
Other drivers:

- (-) litigation costs up by PLN 2.0 million
- (-) impairment losses for receivables up by PLN 1.0 million
- (-) costs of distribution services related to the existing model of settlements with prosumers up by PLN 6.4 million
- (-) donation costs up by PLN 1.2 million
- (-) revenues from license fees linked to the ENEA brand down by PLN 1.1 million
- (+) costs of provisions for anticipated losses and potential claims down by PLN 2.8 million
- (+) written off receivables down by PLN 0.9 million
- (+) revenues from the provision of wholesale trading services up by PLN 1.3 million

¹⁾ restatement of data for presentation purposes in accordance with the condensed interim consolidated financial statements

²⁾ without ENEA S.A.'s equity investments

Trading Area



Q3 2020 EBITDA drivers:

Adjusted first contribution margin

- (+) average energy sales price up by 13.7%
- (+) higher volume of energy sales by 3.7%
- (-) average energy purchase price up by 11.8%
- (-) costs of environmental obligations up by 12.6%
- (+) higher result on trade in gaseous fuel
- (+) lower costs of provisions for claims under terminated RES property rights contracts by PLN 0.8 million
- (-) remeasurement of CO₂ contracts, forward transactions for energy, gas and property rights

Compensation

- (-) in Q3 2019, the recognized estimated compensation amount of PLN 76.2 million – the amount covering the price difference between the prices used in settlements with customers in Q3 2019 and the prices set as benchmarks for calculating the price difference amount under the Act amending the Excise Duty Act and its secondary regulations

Own costs

- (+) general and administrative expenses down by PLN 4.8 million
- (+) costs of shared services down by PLN 3.0 million

Change in provisions related to onerous contracts

- (-) in Q3 2019, the use of the provision for onerous contracts was posted in the amount of PLN 19.7 million, regarding the financial effects of the entry into force of the Act amending the Excise Duty Act and Certain Other Acts of 28 December 2018. In Q3 2020, a PLN 14.1 million portion of the provision in the amount of PLN 68.6 million established in December 2019 was used to cover the costs of the loss on the G tariff approved by the Energy Regulatory Office.

Other drivers:

- (+) impairment losses for receivables down by PLN 1.3 million
- (+) costs of provisions for anticipated losses and potential claims down by PLN 2.2 million
- (+) litigation costs down by PLN 0.5 million
- (+) revenues from the provision of wholesale trading services up by PLN 1.2 million
- (-) costs of distribution services related to the existing model of settlements with prosumers up by PLN 3.2 million
- (-) written off receivables up by PLN 1.0 million

¹⁾ restatement of data for presentation purposes in accordance with the condensed interim consolidated financial statements

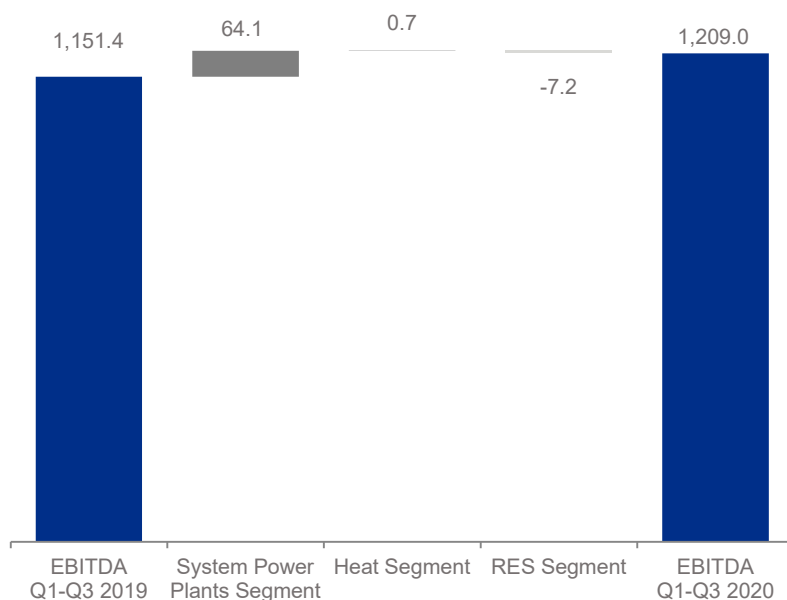
Generation Area

[PLN 000s]	Q1-Q3 2019 ¹⁾	Q1-Q3 2020	Change	Change [%]	Q3 2019 ¹⁾	Q3 2020	Change	Change [%]
Net revenue from sales	6,026,143	6,270,577	244,434	4.1%	2,101,788	2,165,044	63,256	3.0%
<i>electricity</i>	5,517,502	5,766,109	248,607	4.5%	1,946,334	2,036,861	90,527	4.7%
<i>certificates of origin</i>	212,744	236,688	23,944	11.3%	90,227	64,362	-25,865	-28.7%
<i>sale of CO₂ emission allowances</i>	21,780	0	-21,780	-100.0%	0	0	-	-
<i>heat</i>	241,496	234,428	-7,068	-2.9%	53,762	51,535	-2,227	-4.1%
<i>other</i>	32,621	33,352	731	2.2%	11,465	12,286	821	7.2%
Revenue from leases and operating subleases	244	474	230	94.3%	147	201	54	36.7%
Revenue from sales and other income	6,026,387	6,271,051	244,664	4.1%	2,101,935	2,165,245	63,310	3.0%
EBIT	739,092	258,301	-480,791	-65.1%	283,791	193,368	-90,423	-31.9%
Amortization and depreciation	412,351	427,879	15,528	3.8%	137,978	143,555	5,577	4.0%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	0	522,822	522,822	100.0%	0	0	-	-
EBITDA	1,151,443	1,209,002	57,559	5.0%	421,769	336,923	-84,846	-20.1%
CAPEX	288,434	362,117	73,683	25.5%	77,551	107,321	29,770	38.4%
Share of the area's sales revenue in the Group's net revenue from sales	36%	39%	3 p.p.		37%	40%	3 p.p.	

In the Generation Area, the financial data of ENEA Wytwarzanie Sp. z o.o. are presented together with those of its subsidiaries: ENEA Ciepło Sp. z o.o., ENEA Ciepło Serwis Sp. z o.o., ENEA Elektrownia Połaniec S.A., ENEA Połaniec Serwis Sp. z o.o. and ENEA Bioenergia Sp. z o.o.

ENEA Wytwarzanie owns, among others, 11 high-efficiency and modernized power units in the Kozienice Power Plant. ENEA Elektrownia Połaniec owns 7 coal-fired units with the total attainable capacity of 1,657 MW and the world's largest biomass-fired unit with the total installed gross capacity of 225 MW.

PLN million



Q1-Q3 2020

EBITDA drivers:

System Power Plants Segment – EBITDA up by PLN 64.1 million

- (+) trading and Balancing Market margin up by PLN 301.5 million
- (+) revenue from Regulatory System Services up by PLN 19.8 million
- (+) other drivers up by PLN 17.2 million
- (-) generation margin down by PLN 274.4 million

Heat Segment – EBITDA up by PLN 0.7 million

- (-) ENEA Ciepło down by PLN 5.1 million
 - (-) employee benefit costs up by PLN 4.6 million
 - (-) costs of third-party services up by PLN 4.0 million
 - (-) revenue from sales of electricity down by PLN 2.6 million
 - (+) other operating revenue up by PLN 2.5 million
 - (+) costs of consumption of materials and supplies down by PLN 2.0 million
 - (+) revenue from certificates of origin up by PLN 1.2 million
- (+) result of other companies in the segment (PEC Oborniki, MEC Piła, ENEA Elektrownia Połaniec, ENEA Ciepło Serwis) up by PLN 4.4 million

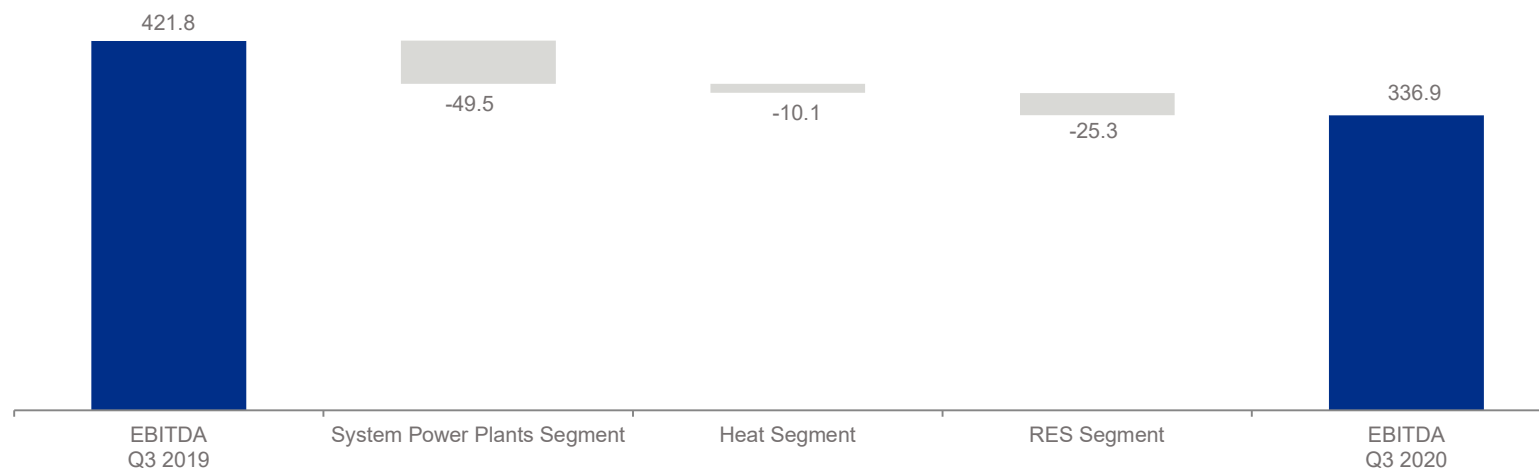
RES Segment – EBITDA down by PLN 7.2 million

- (-) Wind Area (PLN -22.0 million): revenue from certificates of origin down by PLN 13.6 million, revenue from sales of electricity down by PLN 5.1 million, result on other operating activities down by PLN 2.9 million, fixed costs up by PLN 0.5 million, result on liquidation of property, plant and equipment up by PLN 0.1 million
- (-) Hydro Area (PLN -9.0 million): revenue from certificates of origin down by PLN 5.1 million, revenue from sales of electricity down by PLN 2.5 million, fixed costs up by PLN 1.1 million; other drivers down by PLN 0.3 million, including the result on other operating activities down by PLN 0.1 million
- (-) Biogas Area (PLN -0.9 million): costs of consumption and transport of substrates up by PLN 1.4 million, revenue from certificates of origin down by PLN 0.4 million, result on other operating activities up by PLN 0.1 million, revenue from sales of electricity up by PLN 0.8 million
- (+) Biomass Area (Green Unit): PLN +24.7 million (of which PLN 0.4 million from ENEA Bioenergia Sp. z o.o.): margin on renewable energy generation up by PLN 26.2 million, Green Block's margin on sales/remeasurement of green certificate inventories up by PLN 1.1 million, fixed costs up by PLN 3.1 million

¹⁾ restatement of data for presentation purposes in accordance with the condensed interim consolidated financial statements

Generation Area

PLN million



Q3 2020

EBITDA drivers:

System Power Plants Segment – down by PLN 49.5 million

- (-) generation margin down by PLN 64.8 million
- (-) other drivers down by PLN 14.0 million
- (-) revenues from Regulatory System Services down by PLN 9.8 million
- (+) trading and Balancing Market margin up by PLN 39.1 million

Heat Segment – EBITDA down by PLN 10.1 million

- (-) ENEA Ciepło down by PLN 12.5 million
 - (-) revenue from certificates of origin down by PLN 8.9 million
 - (-) revenue from sales of heat down by PLN 2.1 million
 - (-) costs of third-party services up by PLN 1.8 million
 - (-) employee benefit costs up by PLN 1.2 million
 - (-) costs of purchasing energy for subsequent sale up by PLN 1.1 million
 - (-) revenue from sales of electricity down by PLN 1.0 million
 - (+) costs of consumption of materials and supplies down by PLN 2.4 million

(+) result of other companies in the segment (PEC Oborniki, MEC Piła, ENEA Elektrownia Połaniec, ENEA Ciepło Serwis) up by PLN 2.4 million

RES Segment – EBITDA down by PLN 25.3 million

(-) Biomass Area (Green Unit): PLN -23.1 million (of which PLN -0.5 million from ENEA Bioenergia Sp. z o.o.): margin on renewable energy generation down by PLN 22.2 million, Green Block's margin on sales/remeasurement of green certificate inventories up by PLN 4.2 million, fixed costs up by PLN 4.6 million

(-) Wind Area (PLN -2.5 million): revenue from sales of electricity down by PLN 1.7 million, revenue from certificates of origin down by PLN 0.9 million, other drivers down by PLN 0.2 million, including result on other operating activities down by PLN 0.2 million, fixed costs down by PLN 0.3 million

(+) Biogas Area (PLN +0.3 million): costs of consumption and transport of substrates up by PLN 0.2 million, revenue from certificates of origin up by PLN 0.3 million, revenue from sales of electricity up by PLN 0.2 million

Distribution Area

[PLN 000s]	Q1-Q3 2019 ¹⁾	Q1-Q3 2020	Change	Change [%]	Q3 2019 ¹⁾	Q3 2020 ¹⁾	Change	Change [%]
Net revenue from sales	2,184,441	2,397,703	213,262	9.8%	742,270	775,385	33,115	4.5%
<i>distribution services to end users</i>	2,000,473	2,145,131	144,658	7.2%	670,064	717,857	47,793	7.1%
<i>grid connection fees</i>	46,886	112,765	65,879	140.5%	19,962	11,961	-8,001	-40.1%
<i>other</i>	137,082	139,807	2,725	2.0%	52,244	45,567	-6,677	-12.8%
EBIT	365,848	525,422	159,574	43.6%	135,924	155,879	19,955	14.7%
Amortization and depreciation	443,856	468,605	24,749	5.6%	153,735	159,649	5,914	3.8%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	(4,279)	0	4,279	100.0%	0	0	-	-
EBITDA	805,425	994,027	188,602	23.4%	289,659	315,528	25,869	8.9%
CAPEX	678,286	747,729	69,443	10.2%	221,799	259,221	37,422	16.9%
Share of the segment's sales revenue in the Group's net revenue from sales	13%	15%	2 p.p.		13%	14%	1 p.p.	

ENEA Operator Sp. z o.o. is responsible for the distribution of electricity to 2.7 million Customers – in western and north-western Poland in the area of 58.2 thousand km².

The key task of ENEA Operator is to provide energy in a continuous and reliable manner, while maintaining appropriate quality parameters.

The Distribution Area includes financial data of the following companies:

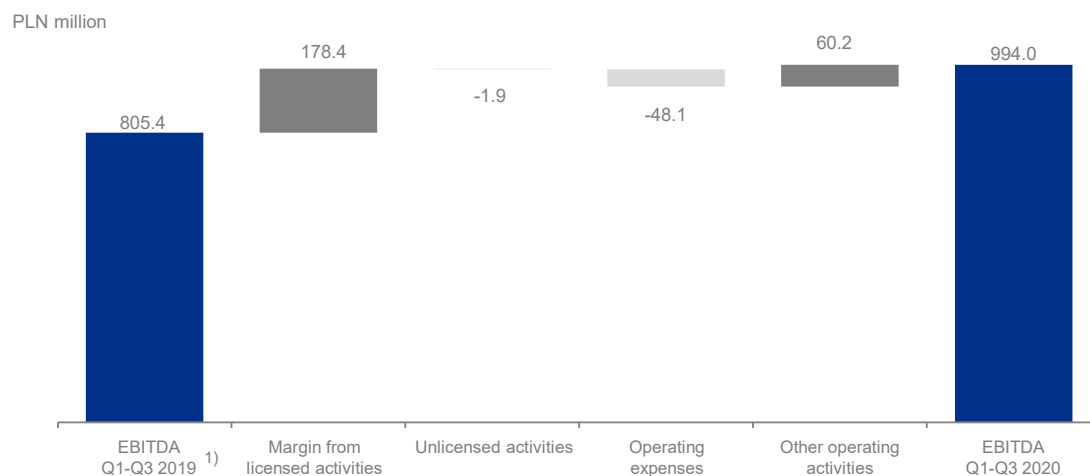
ENEA Operator Sp. z o.o.

ENEA Serwis Sp. z o.o.

ENEA Pomiaryka Sp. z o.o.

ENEA Logistyka Sp. z o.o.

Annacond Enterprises Sp. z o.o. (until 24 February 2020)



Q1-Q3 2020

EBITDA drivers:

Margin from licensed activities

- (+) revenue from sales of distribution services to end users up by PLN 145 million
- (+) revenue from grid connection fees up by PLN 66 million
- (-) costs of purchasing transmission and distribution services (balance) up by PLN 15 million
- (-) costs of purchasing electricity to cover the balancing difference (balance) up by PLN 15 million

Operating expenses

- (-) employee benefit costs up by PLN 47 million
- (-) costs of taxes and charges up by PLN 8 million
- (+) costs of third-party services down by PLN 7 million

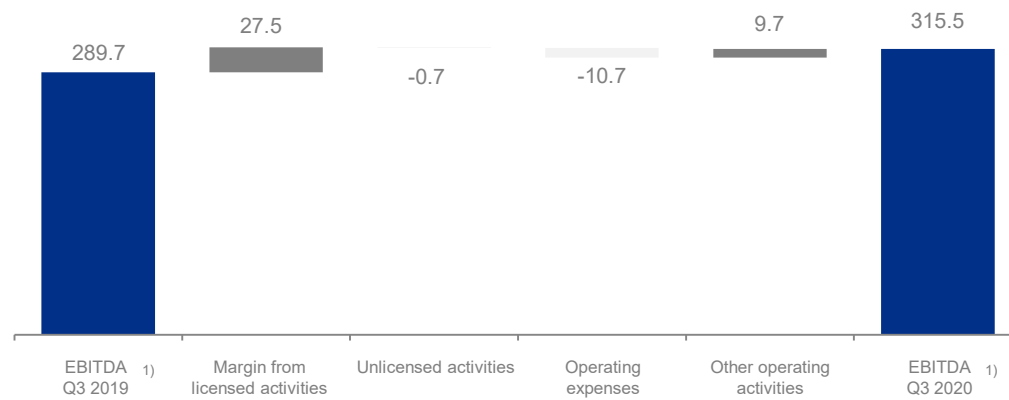
Other operating activities

- (+) change in provisions related to grid assets by PLN 26 million
- (+) revenue from contractual penalties and indemnities up by PLN 17 million
- (+) change in impairment allowances by PLN 9 million
- (+) costs of liquidation down by PLN 4 million
- (+) revenues from infrastructure collision up by PLN 4 million

¹⁾ restatement of data for presentation purposes in accordance with the condensed interim consolidated financial statements

Distribution Area

PLN million



Q3 2020

EBITDA drivers:

Margin from licensed activities

- (+) revenue from sales of distribution services to end users up by PLN 48 million
- (+) costs of purchasing transmission and distribution services (balance) down by PLN 1 million
- (-) costs of purchasing electricity to cover the balancing difference (balance) up by PLN 12 million
- (-) revenue from grid connection fees down by PLN 8 million

Operating expenses

- (-) costs of taxes and charges up by PLN 10 million
- (-) employee benefit costs up by PLN 3 million
- (-) costs of third-party services up by PLN 1 million
- (+) other operating costs PLN 3 million

Other operating activities

- (+) change in provisions related to grid assets by PLN 11 million
- (+) revenue from contractual penalties and indemnities up by PLN 6 million
- (-) revenues from infrastructure collision down by PLN 7 million



¹⁾ restatement of data for presentation purposes in accordance with the condensed interim consolidated financial statements

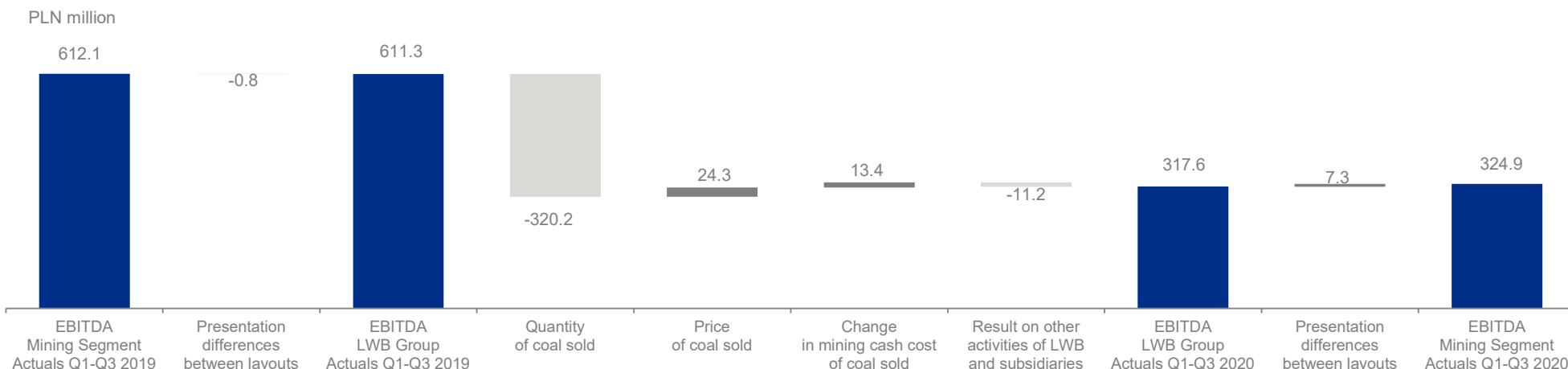
Mining Area

[PLN 000s]	Q1-Q3 2019	Q1-Q3 2020	Change	Change [%]	Q3 2019	Q3 2020	Change	Change [%]
Net revenue from sales	1,626,111	1,346,439	-279,672	-17.2%	527,775	502,243	-25,532	-4.8%
<i>coal</i>	1,590,019	1,320,231	-269,788	-17.0%	518,050	493,996	-24,054	-4.6%
<i>other products and services</i>	22,268	16,837	-5,431	-24.4%	6,003	4,916	-1,087	-18.1%
<i>goods and materials</i>	13,824	9,371	-4,453	-32.2%	3,722	3,331	-391	-10.5%
Revenue from leases and operating subleases	0	7,095	7,095	100.0%	0	2,279	2,279	100.0%
Revenue from sales and other income	1,626,111	1,353,534	-272,577	-16.8%	527,775	504,522	-23,253	-4.4%
EBIT	351,345	75,328	-276,017	-78.6%	88,570	9,306	-79,264	-89.5%
Amortization and depreciation	260,783	250,439	-10,344	-4.0%	89,077	101,097	12,020	13.5%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	0	(838)	-838	-100.0%	0	212	212	100.0%
EBITDA	612,128	324,929	-287,199	-46.9%	177,647	110,615	-67,032	-37.7%
CAPEX	294,688	495,873	201,185	68.3%	127,677	96,388	-31,289	-24.5%
Share of the area's sales revenue in the Group's net revenue from sales	10%	8%	-2 p.p.		9%	9%		

The Mining Area presents the financial results of the LW Bogdanka Group with the parent company - Lubelski Węgiel Bogdanka S.A. and its subsidiaries.

LW Bogdanka divides its product range into fine steam coal, which accounts for 99% of its output, pea and nut coal.

The main buyers are commercial and industrial energy sectors.



Q1-Q3 2020

EBITDA drivers:

(-) a decrease in revenue from sales of coal in connection with the lower volume of coal sales (-1.36 million tons).

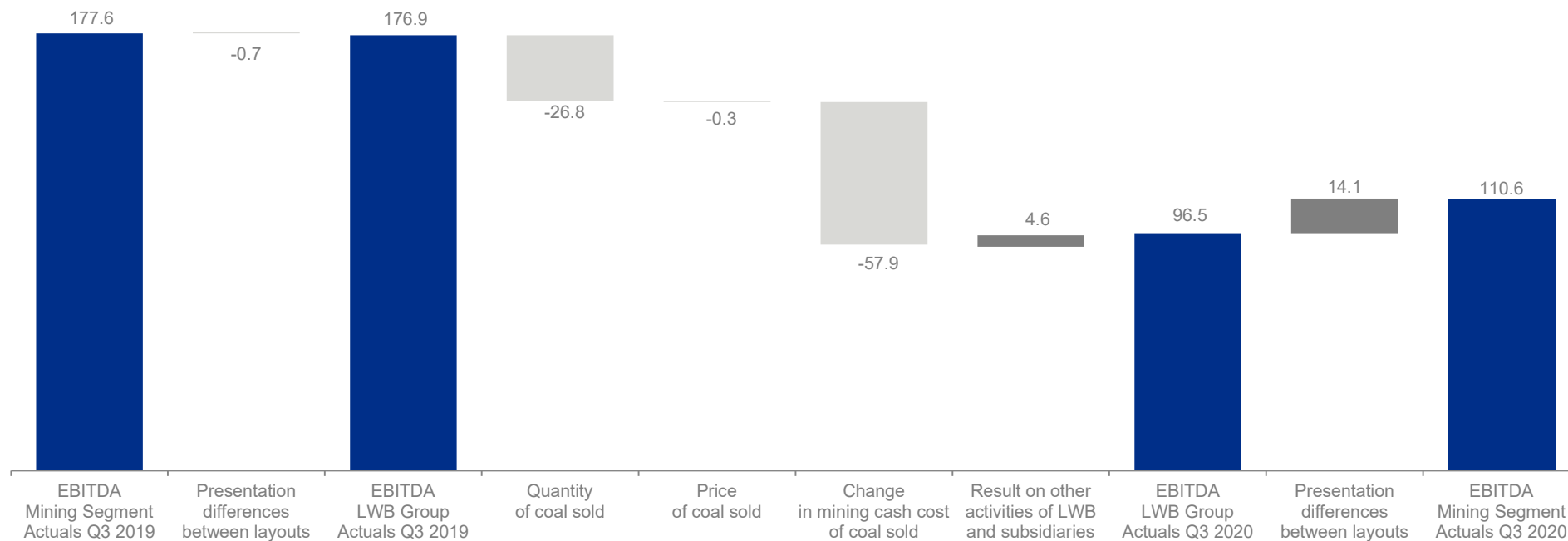
(+) the lower sales volume was partially offset by a 2.0% increase in the price of coal sold

(+) lower mining cash cost – gross mining volume was 2.4 million tons, which translated into a lower cost of consumption of materials and third-party services, with growing unit price of electricity, employee benefit costs (as a result of an increase in average headcount) and additional costs of “anti-COVID” prophylactics

(-) in 2019 reversal of the provision for claims under the dispute with ZUS (which increased the comparative level by approx. PLN 16 million)

Mining Area

PLN million



Q3 2020

EBITDA drivers:

(-) a decrease in revenue from sales of coal in connection with the lower volume of coal sales (-0.11 million tons)

(-) an increase in costs of sales, while coal production fell by 0.46 million tons, is due to a significant change in inventories recorded in Q3 2020. In Q3 2020, coal inventories fell by 0.34 million tons, as compared to an increase by 0.01 million tons in the corresponding period of 2019

(-) additional costs of "anti-covid" prophylactics incurred in Q3 2020

There are differences in the way depreciation is presented in financial reports of the ENEA Group and the LW Bogdanka Group

Other Activities Area

[PLN 000s]	Q1-Q3 2019 ¹⁾	Q1-Q3 2020	Change	Change [%]	Q3 2019 ¹⁾	Q3 2020 ¹⁾	Change	Change [%]
Net revenue from sales	342,969	361,912	18,943	5.5%	120,726	124,998	4,272	3.5%
Revenue from leases and operating subleases	2,676	2,646	-30	-1.1%	125	112	-13	-10.4%
Revenue from sales and other income	345,645	364,558	18,913	5.5%	120,851	125,110	4,259	3.5%
EBIT	46,125	30,804	-15,321	-33.2%	16,049	13,609	-2,440	-15.2%
Amortization and depreciation	44,389	53,171	8,782	19.8%	14,994	17,937	2,943	19.6%
EBITDA	90,514	83,975	-6,539	-7.2%	31,043	31,546	503	1.6%
CAPEX	48,717	27,827	-20,890	-42.9%	15,326	10,483	-4,843	-31.6%
Share of the segment's sales revenue in the Group's sales revenue	2%	2%			2%	2%		

The Other Activities Area consists of companies from the following areas:

- support for other ENEA Group companies:

ENEA Centrum Sp. z o.o. – the Shared Services Centre in the Group in the field of accounting, human resources, ITC and customer service

ENEA Innowacje Sp. z o.o. – deals with ventures that offer a chance to become, in the future, innovative and modern products offered by the Group

ENEA Badanie i Rozwój Sp. z o.o. – responsible for research and experimental development on other natural sciences and engineering

- accompanying activities:

ENEA Oświetlenie Sp. z o.o. – a company specializing in indoor and outdoor lighting; it designs and builds road lighting, illumination for urban spaces, illumination for historic and public buildings, provides services of construction and comprehensive operation of photovoltaic power plants.

Ratio analysis ²⁾

	Q1-Q3 2019 ¹⁾	Q1-Q3 2020	Q3 2019 ¹⁾	Q3 2020
Profitability ratios				
ROE - return on equity	8.3%	-0.4%	10.3%	1.0%
ROA - return on assets	4.1%	-0.2%	5.1%	0.5%
Net profitability	8.1%	-0.3%	9.9%	0.8%
Operating profitability	12.1%	6.9%	14.4%	8.7%
EBITDA profitability	21.4%	19.6%	23.7%	18.0%
Liquidity and financial structure ratios				
Current liquidity ratio	1.3	1.2	1.3	1.2
Coverage of non-current assets with equity	67.0%	64.5%	67.0%	64.5%
Total debt ratio	50.4%	52.4%	50.4%	52.4%
Net debt / EBITDA	1.64	1.37	1.64	1.37
Economic activity ratios				
Current receivables turnover in days ³⁾	52	47	50	47
Trade and other payables turnover in days ⁴⁾	79	62	80	60
Inventory turnover in days	41	39	41	38

¹⁾ restatement of data for presentation purposes in accordance with the condensed interim consolidated financial statements

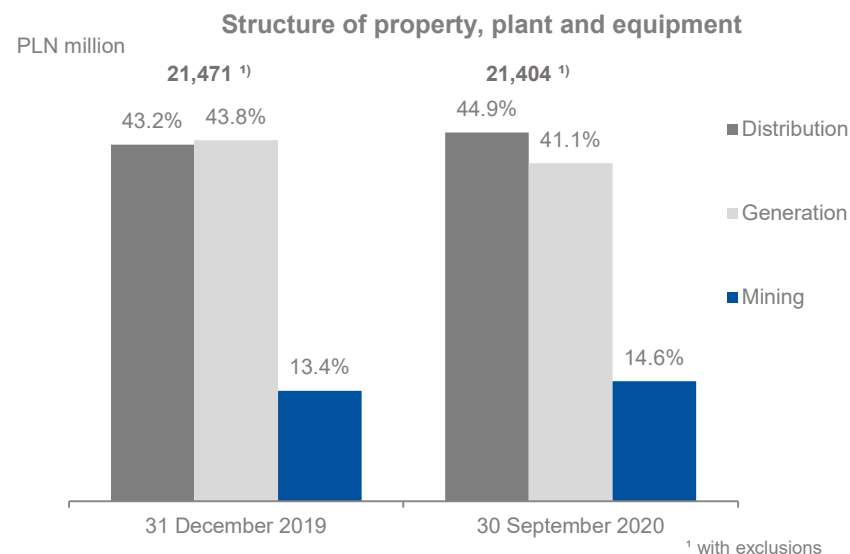
²⁾ definitions of the ratios are presented on page 72

³⁾ trade receivables – trade receivables, assets under contracts with customers and costs of concluding contracts

⁴⁾ trade payables – trade payables, liabilities under contracts with customers

Financial position – structure of assets and liabilities of the ENEA Group

Assets [PLN 000s]	As at:			
	31 December 2019	30 September 2020	Change	Change [%]
Non-current assets	23,792,019	23,717,764	-74,255	-0.3%
Property, plant and equipment	21,470,804	21,403,643	-67,161	-0.3%
Right-of-use asset	719,948	705,293	-14,655	-2.0%
Intangible assets	379,024	363,679	-15,345	-4.0%
Investment property	23,109	22,183	-926	-4.0%
Investments in associates and jointly controlled entities	373,016	132,182	-240,834	-64.6%
Deferred tax assets	569,369	710,482	141,113	24.8%
Financial assets at fair value	40,172	46,574	6,402	15.9%
Debt financial assets measured at amortized cost	48,649	7,797	-40,852	-84.0%
Trade and other receivables	20,862	178,393	157,531	755.1%
Costs incurred to obtain a contract	12,749	12,106	-643	-5.0%
Receivables under leases and finance subleases	319	450	131	41.1%
Funds accumulated in the Mine Liquidation Fund	133,998	134,982	984	0.7%
Current assets	9,051,835	8,408,531	-643,304	-7.1%
CO ₂ emission allowances	1,375,128	148,084	-1,227,044	-89.2%
Inventories	1,376,295	1,317,116	-59,179	-4.3%
Trade and other receivables	2,123,567	1,945,696	-177,871	-8.4%
Costs incurred to obtain a contract	12,646	12,695	49	0.4%
Assets arising from contracts with customers	330,447	355,192	24,745	7.5%
Receivables under leases and finance subleases	950	1,191	241	25.4%
Current income tax receivables	59,746	6,027	-53,719	-89.9%
Financial assets at fair value	7,056	32,870	25,814	365.8%
Debt financial assets measured at amortized cost	3,576	8,552	4,976	139.1%
Other short-term investments	477	0	-477	-100.0%
Cash and cash equivalents	3,761,947	4,581,108	819,161	21.8%
Total Assets	32,843,854	32,126,295	-717,559	-2.2%



Change drivers for non-current assets (down by PLN 74 million):

- PLN 241 million – decrease in the value of investments in associates and jointly controlled entities – impairment of the investment in shares in Polska Grupa Górnicza S.A.
- PLN 67 million decrease in property, plant and equipment, of which: an increase in fixed assets by PLN 1,454 million, with a concurrent increase in accumulated depreciation by PLN 1,023 million and impairment losses for non-financial non-current assets by PLN 499 million
- PLN 41 million decrease in debt financial assets measured at amortized cost – reclassification of non-current assets to current assets
- PLN 30 million decrease in right-of-use an asset and decrease in intangible assets
- PLN 158 million increase in trade and other receivables – mainly in the value of initial deposits related to the contracting of CO₂ emission allowances
- PLN 141 million increase in deferred tax assets – mainly as a result of an impairment of assets and changes in the CO₂ provision

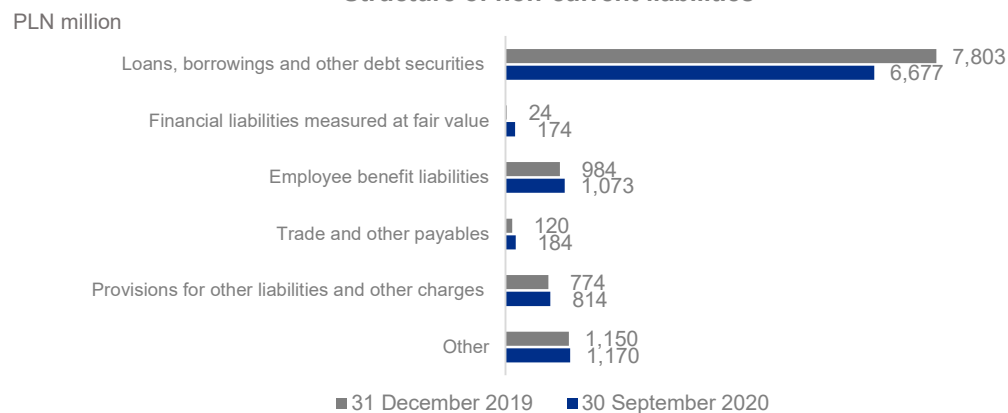
Change drivers for current assets (down by PLN 643 million):

- PLN 1,227 million decrease in the value of CO₂ emission allowances – including mainly redemption of allowances for 2019
- PLN 178 million decrease in trade and other receivables – mainly due to a lower amount of VAT receivables, with a concurrent increase in other receivables
- PLN 54 million decrease in current income tax receivables
- PLN 819 million increase in cash and cash equivalents – primarily an increase in funds generated by individual Group companies on their operating activities (in particular cash earned by electricity generating companies)

Financial position – structure of assets and liabilities of the ENEA Group

Equity and liabilities [PLN 000s]	As at:		Change	Change [%]
	31 December 2019	30 September 2020		
Total equity	15,479,771	15,291,858	-187,913	-1.2%
Share capital	588,018	588,018	-	-
Share premium	3,632,464	3,632,464	-	-
Revaluation reserve – measurement of financial instruments	-16,295	-16,271	24	0.1%
Revaluation reserve – measurement of hedging instruments	-17,356	-123,921	-106,565	-614.0%
Retained earnings	10,268,882	10,169,528	-99,354	-1.0%
Non-controlling interests	1,024,058	1,042,040	17,982	1.8%
Total liabilities	17,364,083	16,834,437	-529,646	-3.1%
Non-current liabilities	10,855,419	10,091,816	-763,603	-7.0%
Current liabilities	6,508,664	6,742,621	233,957	3.6%
Total equity and liabilities	32,843,854	32,126,295	-717,559	-2.2%

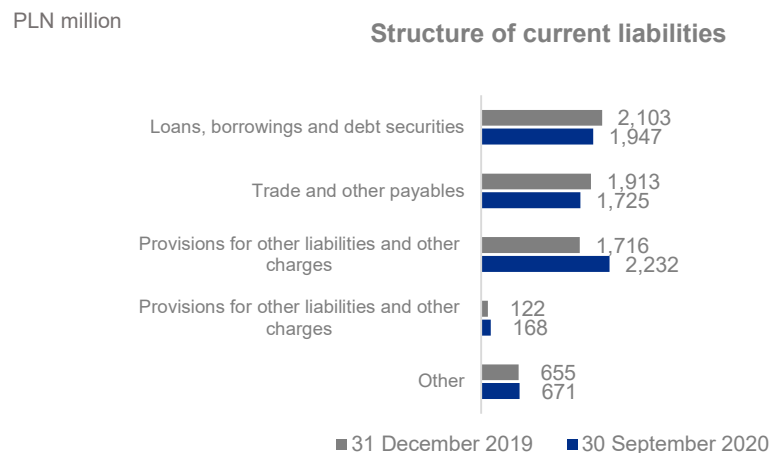
Structure of non-current liabilities



Change drivers for non-current liabilities (down by PLN 764 million)

- PLN 1,126 million decrease in loans, borrowings and other debt securities – mainly through reclassification of non-current liabilities to current liabilities
- PLN 149 million increase in financial liabilities measured at fair value – remeasurement of IRS financial instruments hedging against an increase in costs caused by changes in interest rates
- PLN 89 million increase in employee benefit liabilities
- PLN 64 million increase in trade and other payables – mainly due to an increase in the valuation of forward contracts for electricity and gaseous fuel and a higher resale value of CO₂ emission allowances, with a concurrent decrease in liabilities in 2020 (in 2019 an assignment of the loan granted to Elektrownia Ostrołęka Sp. z o.o. in the amount of PLN 80 million)
- PLN 40 million increase in provisions for other liabilities and other charges – mainly an increase of the provision for non-contractual use of land and for mine closures

Structure of current liabilities

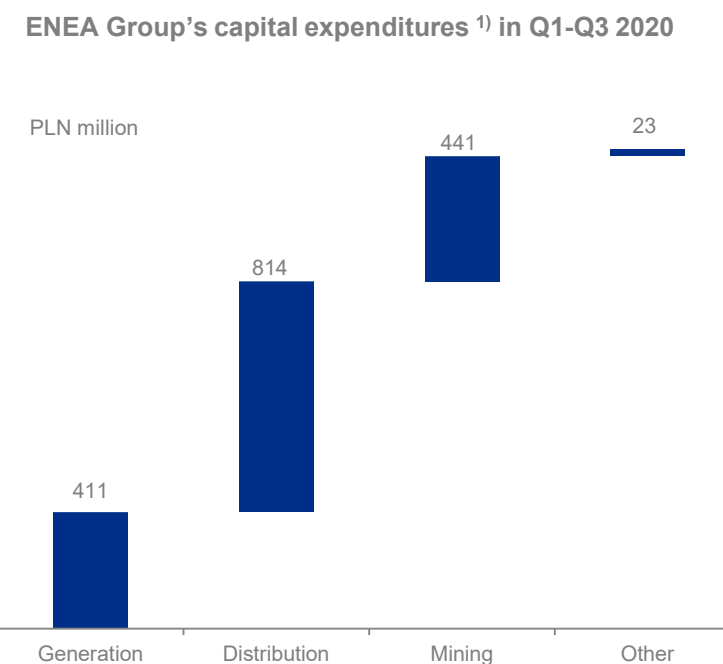
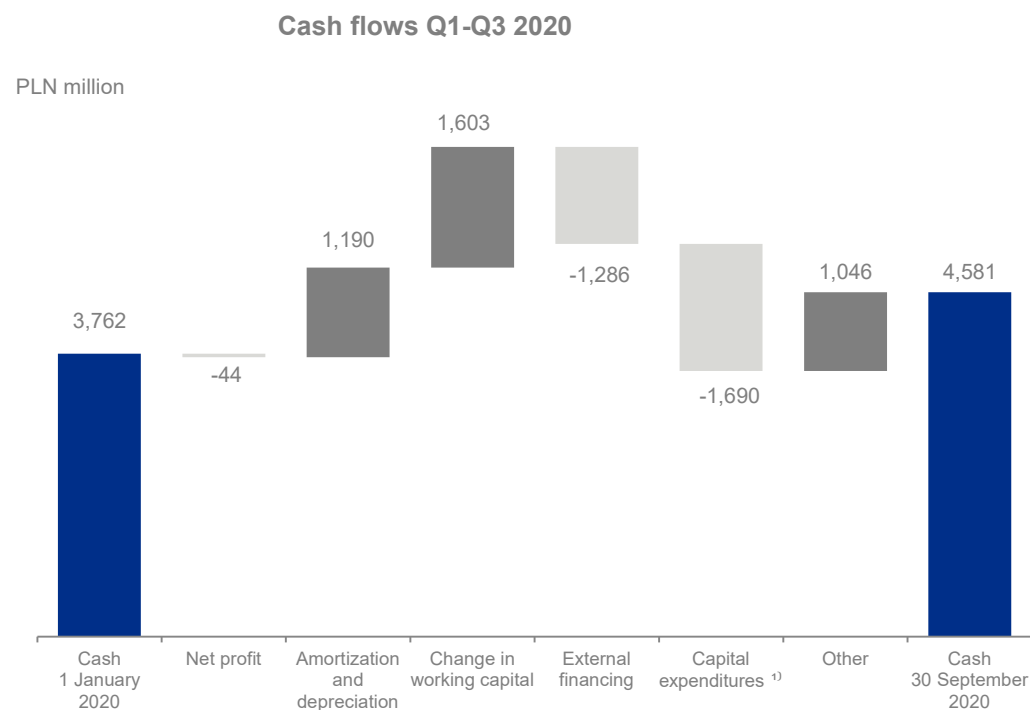


Change drivers for current liabilities (up by PLN 234 million)

- PLN 515 million increase in provisions for other liabilities and other charges – mainly an increase in the provision for the certificates of origin of energy, for the purchase of CO₂ emission allowances and an increase in other provisions (including: recognition in 2020 of a provision for future investment commitments in the Ostrołęka Power Plant in the amount of PLN 222 million with a concurrent utilization, in Q1-Q3 2020, of a PLN 53.4 million portion of the provision established in December 2019 to cover the PLN 69 million loss in the G tariff)
- PLN 63 million decrease in other current liabilities – mainly due to a PLN 72 million increase in liabilities from contracts with customers
- PLN 189 million decrease in trade payables – due to a decrease in liabilities on the purchase of property, plant and equipment and intangibles, a decrease in trade liabilities, a decrease in tax liabilities (excluding income tax), with a concurrent increase in liabilities related to the assignment of the loan agreement from Energa S.A. in 2020 and an increase in liabilities related to deposits for futures transactions for CO₂ emission allowances
- PLN 156 million decrease in loans, borrowings and other debt securities – redemption of bonds by ENEA S.A. in the amount of PLN 1,184 million and repayments of loan installments in the amount of PLN 93 million, with a concurrent reclassification of loans and bonds from non-current to current

Cash position of ENEA Group

Statement of cash flows [PLN 000s]	Q1-Q3 2019	Q1-Q3 2020	Change	Change [%]
Net cash flows from operating activities	2,967,896	3,994,082	1,026,186	34.6%
Net cash flows from investing activities	(1,788,331)	(1,685,343)	102,988	5.8%
Net cash flows from financing activities	553,487	(1,489,578)	-2,043,065	-369.1%
Increase / (decrease) in net cash	1,733,052	819,161	-913,891	-52.7%
Cash at the beginning of reporting period	2,650,838	3,761,947	1,111,109	41.9%
Cash at the end of reporting period	4,383,890	4,581,108	197,218	4.5%



¹⁾ Purchase of property, plant and equipment and intangible assets and purchase of subsidiaries, associates and jointly controlled entities, adjusted by acquired cash

4. Shares and shareholding structure

4.1. Equity and shareholding structure

As at 30 September 2020 and as at the publication date of this report, the share capital of ENEA S.A. amounts to PLN 441,442,578 and is divided into 441,442,578 ordinary bearer shares of the nominal value of PLN 1 each. The total number of votes resulting from all outstanding shares of the Issuer corresponds to the number of shares, translating into 441,442,578 votes.

All shares in the Company are book-entry bearer shares registered in the Central Securities Depository of Poland.

Since the date of publication of the previous periodic report, no changes have been made to the Issuer's shareholding structure.

The table below presents the shareholding structure of ENEA S.A. as at the date of the periodic report for Q1-Q3 2020.

Shareholder	Number of shares / number of votes at the Shareholder Meeting	Interest in the share capital / share in the total number of votes
State Treasury	227,364,428	51.5%
Others	214,078,150	48.5%
TOTAL	441,442,578	100.0%

The following table presents data on the Company's shares in Q1-Q3 2020.

Data	Q1-Q3 2020
Number of shares	441,442,578
Minimum [PLN]	3.87
Maximum [PLN]	8.32
Stock price at the end of the period [PLN]	5.70
Stock price at the end of the previous period [PLN]	7.915
Average trading volume [PLN]	583,257

4.2. ENEA S.A. stock prices on the Warsaw Stock Exchange

ENEA S.A. stock has been listed on the Warsaw Stock Exchange (WSE) since 17 November 2008.

In Q1-Q3 2020, the ENEA S.A. stock price fell from PLN 7.915 to PLN 5.70, that is by PLN 2.215 or 28%. The highest closing price of ENEA S.A. stock in Q1-Q3 2020 was recorded on 27 July 2020 (PLN 8.32), while the lowest price was recorded on 12 March 2020 (PLN 3.87).

Share of the Company's stock in stock exchange indices as at 30 September 2020:

WIG 30	WIG 40	WIG energia	WIG Poland
0.7%	2.6%	11.0%	0.6%

5. Company authorities

5.1. Composition of the ENEA S.A. Management Board

As at 1 January 2020	
Name	Function
Mirosław Kowalik	President of the Management Board
Jarosław Ołowski	Management Board Member for Financial Matters
Piotr Adamczak	Management Board Member for Commercial Matters
Zbigniew Piętko	Management Board Member for Corporate Matters

As at the date of this report	
Name	Function
Paweł Szczeszek	President of the Management Board
Tomasz Siwak	Management Board Member for Commercial Matters
Tomasz Szczegielniak	Management Board Member for Corporate Matters
Marcin Pawlicki	Management Board Member for Operational Matters

- On 4 June 2020 Mr. Mirosław Kowalik tendered his resignation from the position of President of the ENEA S.A. Management Board and from membership in the Company's Management Board effective as of 5 June 2020.
- On the same date, the Company's Supervisory Board adopted a resolution to second, starting 6 June 2020, Mr. Paweł Szczeszek, Supervisory Board Member, to temporarily perform the duties of the President of the ENEA S.A. Management Board until the appointment of a new President of the Company's Management Board, but no longer than for a period of three months from the date of his secondment.
- On 30 June 2020 the Company's Supervisory Board adopted a resolution to appoint Mr. Paweł Szczeszek to the position of President of the ENEA S.A. Management Board for the joint term of office commenced on the date of holding the Company's Ordinary General Meeting which approved the financial statements for 2018. The resolution came into force upon adoption. Upon his appointment to the position of President of the Management Board, Mr. Paweł Szczeszek's mandate of a Member of the Company's Supervisory Board expired.
- On 22 July 2020, Mr. Zbigniew Piętko tendered his resignation from the function of ENEA S.A. Management Board Member for Corporate Matters, effective as of 24 July 2020.
- On 23 July 2020, Mr. Piotr Adamczak tendered his resignation as the ENEA S.A. Management Board Member for Commercial Matters, effective as of 10 August 2020.
- On 7 August 2020, the Company's Supervisory Board adopted resolutions in the matter of: appointing Mr. Tomasz Szczegielniak to the position of the ENEA S.A. Management Board Member for Corporate Matters, effective as of the resolution adoption date and appointing Mr. Tomasz Siwak to the position of ENEA S.A. Management Board Member for Commercial Matters effective as of 17 August 2020.
- On 23 October 2020 the Company's Supervisory Board adopted a resolution to appoint Mr. Marcin Pawlicki, effective as of 29 October 2020, to the position of the ENEA S.A. Management Board Member for Operational Matters.
- On 17 November 2020 the Company's Supervisory Board adopted a resolution to dismiss Mr. Jarosław Ołowski, ENEA S.A. Management Board Member for Financial Matters, from the ENEA S.A. Management Board



5.2. Composition of the ENEA S.A. Supervisory Board

As at 1 January 2020	
Name	Function
Stanisław Kazimierz Hebda	Supervisory Board Chairman
Michał Dominik Jaciubek	Supervisory Board Secretary
Paweł Koroblowski	Supervisory Board Member
Ireneusz Kulka	Supervisory Board Member
Maciej Mazur	Supervisory Board Member
Piotr Mirkowski	Supervisory Board Member
Mariusz Pliszka	Supervisory Board Member
Roman Stryjski	Supervisory Board Member

As at the date of this report	
Name	Function
Izabela Felczak-Poturnicka	Supervisory Board Chairwoman
Roman Stryjski	Supervisory Board Deputy Chairman
Michał Dominik Jaciubek	Supervisory Board Secretary
Mariusz Fistek	Supervisory Board Member
Paweł Koroblowski	Supervisory Board Member
Ireneusz Kulka	Supervisory Board Member
Maciej Mazur	Supervisory Board Member
Piotr Mirkowski	Supervisory Board Member
Mariusz Pliszka	Supervisory Board Member
Rafał Włodarski	Supervisory Board Member

- On 3 February 2020, the Company received a statement from the Minister of State Assets that the Minister of State Assets has exercised its powers to appoint a member of the ENEA S.A. Supervisory Board pursuant to § 24 sec. 1 of the Company's Articles of Association. In accordance with these powers, Mr. Bartosz Nieścior was appointed to the Company's Supervisory Board as of 3 February 2020.
- On 6 February 2020, Mr. Mariusz Pliszka tendered his resignation as Deputy Chairman of the ENEA S.A. Supervisory Board.
- On 6 February 2020, the Supervisory Board elected Mr. Bartosz Nieścior to serve as Deputy Chairman of the ENEA S.A. Supervisory Board.
- On 6 February 2020, Mr. Stanisław Hebda tendered his resignation as a Member of the ENEA S.A. Supervisory Board, effective as of the same date.
- On 19 March 2020, the Extraordinary General Meeting of the Company appointed to the Supervisory Board, effective as of 19 March 2020, Ms. Izabela Felczak-Poturnicka, who was appointed Chairwoman of the Supervisory Board, and Mr. Mariusz Fistek.
- On 27 May 2020, the Company received statements from the Minister of State Assets that the Minister of State Assets has exercised its powers to appoint and dismiss a member of the ENEA S.A. Supervisory Board pursuant to § 24 sec. 1 of the Company's Articles of Association. According to the said statements, the Minister of State Assets, in exercise of the powers conferred on him, dismissed, effective as of 27 May 2020, Mr. Bartosz Nieścior from the Company's Supervisory Board and, at the same time, appointed Mr. Paweł Szczeszek to the Company's Supervisory Board.
- On 4 June 2020, the Supervisory Board elected Mr. Roman Stryjski to serve as Deputy Chairman of the ENEA S.A. Supervisory Board.
- On 4 June 2020, the Company's Supervisory Board adopted a resolution to second, starting 6 June 2020, Mr. Paweł Szczeszek, Supervisory Board Member, to temporarily perform the duties of the President of the ENEA S.A. Management Board until the appointment of a new President of the Company's Management Board, but no longer than for a period of three months from the date of his secondment.
- On 30 June 2020 the Company's Supervisory Board adopted a resolution to appoint Mr. Paweł Szczeszek to the position of President of the ENEA S.A. Management Board for the joint term of office commenced on the date of holding the Company's Ordinary General Meeting which approved the financial statements for 2018. The resolution came into force upon adoption. Upon his appointment to the position of President of the Management Board, Mr. Paweł Szczeszek's mandate of a Member of the Company's Supervisory Board expired.
- On 17 September 2020 the Company received a statement from the Minister of State Assets that on 16 September 2020 the Minister exercised his powers to appoint a Member of the ENEA S.A. Supervisory Board pursuant to § 24 sec. 1 of the Company's Articles of Association. In accordance with these powers, Mr. Rafał Włodarski was appointed to the Company's Supervisory Board as of 16 September 2020.

As at the date of publication of this report, the Company's Supervisory Board of the 10th term of office is composed of ten members.

In accordance with the provisions of the Rules and Regulations of the Supervisory Board, the following standing committees operate within the Supervisory Board: the Audit Committee, the Nominations and Remuneration Committee and the Strategy and Investment Committee.

Audit Committee	
Name	Function
Ireneusz Kulka ^{1) 2) 3)}	Chairperson
Maciej Mazur	Member
Piotr Mirkowski ^{1) 3)}	Member
Mariusz Pliszka ³⁾	Member
Roman Stryjski ¹⁾	Member

¹⁾ An independent member within the meaning of Article 129(3) of the Act of 11 May 2017 on certified auditors, auditing firms and public supervision and within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies 2016,

²⁾ A member having knowledge and skills in the area of accounting or auditing financial statements,

³⁾ A member having knowledge and skills in the industry in which the Company operates.

Nominations and Remuneration Committee		Nominations and Remuneration Committee	
Name	Function	Name	Function
Roman Stryjski ¹⁾	Chairperson	Izabela Felczak-Poturnicka	Member
Izabela Felczak-Poturnicka	Member	Mariusz Fistek	Member
Mariusz Fistek	Member	Michał Dominik Jaciubek	Member
Michał Dominik Jaciubek	Member	Paweł Korobłowski	Member
Paweł Korobłowski	Member	Ireneusz Kulka	Member
Piotr Mirkowski ⁴⁾	Member	Maciej Mazur	Member
		Rafał Włodarski	Member

⁴⁾ An independent member within the meaning of the corporate governance principles included in the Best Practice for WSE Listed Companies 2016.

5.3. Number of shares and rights to ENEA S.A. shares held by members of the Management Board and Supervisory Board

Name	Function	Number of ENEA S.A. shares held as at 3 September 2020	Number of ENEA S.A. shares held as at 26 November 2020
Michał Dominik Jaciubek	Supervisory Board Member	5,020	5,020
Mariusz Pliszka	Supervisory Board Member	3,880	3,880

As at the date of this report, other members of the Management Board and Supervisory Board hold no shares in ENEA S.A. As at the date of this report, no members of the Management Board or Supervisory Board hold any rights to shares in ENEA S.A. As at the date of this report, no members of the Management Board or Supervisory Board hold any rights to shares in any ENEA S.A. subsidiaries.

6. Other information relevant to evaluation of the Issuer's standing and factors that the Issuer believes will affect its performance.

6.1. Regulatory environment

The business of ENEA S.A. and its subsidiaries is conducted in an environment that is subject to special legal regulation, both at the national level and at European Union level (regulated economic activity). A number of legal regulations applicable to utility companies have been enacted based on decisions of a political nature. For this reason, these regulations are subject to frequent amendments that the Company is unable to foresee or predict their effects on its business. This notwithstanding, ENEA S.A. and its subsidiaries ("ENEA Group") are subject to legal regulation in the field of tax system, competition and consumer protection, employee law and environmental protection. It cannot be ruled out that changes in these areas arising from specific legislation or individual interpretations related to significant areas of the ENEA Group's business may become a source of potential risks for this economic activity.

6.1.1. Internal electricity market

On 14 June 2019, Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity entered into force. This regulation is part of the "Winter Package" and forms the basic legal act forcing the introduction of new solutions pertaining to electricity markets and system services, both in Poland and in other Member States of the European Union. The main changes in national legal systems include the need to align the principles of operation of the national Balancing Market. In the last quarter of 2019, a concept of changes in the Balancing Market was presented by Polskie Sieci Elektroenergetyczne S.A. as a Transmission System Operator responsible for the operation of the Balancing Market. A detailed description of the planned changes in the operation of the Balancing Market was presented by the Transmission System Operator in the document entitled "Concept of changes in the principles of operation of the balancing market in Poland", published on the Operator's website at: <https://www.pse.pl/konsultacje-aktywne/konsultacje-dotyczace-koncepcji-zmian-zasad-funkcjonowania-rynku-bilansujacego>. At the same time, work was also initiated on amendments to the Capacity Market Act of 8 December 2017, aligning Poland's capacity market mostly to Article 22(4) and (5) of Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity, which provisions require that support from the capacity market may be provided for generating units that fail to meet the so-called 550 g CO₂/kWh emission standard, but leave intact the support from the capacity market for units that fail to meet this emission standard if such support results from capacity contracts entered into before 31 December 2019.

At the end of 2018 (on 21 December 2018), Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council, entered into force. This regulation has introduced the requirement to develop a National Plan for Energy and Climate within the framework of implementation of the Energy Union comprising the following 5 dimensions: energy security, internal energy market, energy efficiency, reduction of emissions and research, innovation and competitiveness. The main purpose of the Energy Union management mechanism is to enable achievement of the Energy Union goals, in particular the climate and energy policy goals by 2030 in terms of reducing greenhouse gas emissions, generating renewable energy and improving energy efficiency. The National Plan for Energy and Climate was submitted to the European Commission at the end of 2019, thereby fulfilling the requirement imposed on Poland in this respect. The document was prepared on the basis of national development strategies, taking into account the draft Polish Energy Policy until 2040. It sets the following climate and energy goals for 2030: 7% reduction in greenhouse gas emissions in non-ETS sectors compared to 2005, 21-23% share of renewable energy sources in final gross energy consumption (with 23% of the goal considered achievable if additional EU funds are allocated to Poland, including those allocated to equitable transformation), energy efficiency up by 23% compared to PRIMES2007 forecasts, share of coal in electricity generation down to 56-60%.

6.1.2. Demand for electricity

According to the document entitled “Development plan in terms of satisfaction of the current and future demand for electricity in 2021-2030”, the projected total net demand for electricity in Poland will increase in the years 2020-2040 from 159.9 TWh to 204.2 TWh.¹⁾

6.1.3. Amendments of the RES Act

On 29 August 2019, the Act amending the Act on Renewable Energy Sources (RES Act) and Certain Other Acts came into force. It has introduced a change to the RES Act and the Energy Law from ‘prosumer’ to ‘renewable energy prosumer’. Currently, a renewable energy prosumer may be any end user generating electricity exclusively from renewable sources for own needs in a micro-installation (with an installed electrical capacity of at most 50 kW or a maximum available thermal capacity in cogeneration of at most 150 kW), provided that, in the case of end users who are not a household electricity consumer, such generation does not constitute their prevailing economic activity, as determined in accordance with the regulations issued under Article 40(2) of the Public Statistics Act of 29 June 1995. The definition of and rules of settlement with energy cooperatives have been changed – currently, settlements with energy cooperatives will be carried out in the same manner as those with renewable energy prosumers, but by applying the ratio of electricity fed into the grid to energy taken from the grid of 1:0.6.

The amendment to the RES Act will also permit larger installations to benefit from public support mechanisms. The amendment has extended the maximum time limit for starting up energy generation from wind farms covered by support in the auction system from 24 to 33 months, and for solar farms – from 18 to 24 months. To other technologies, the period of 42 months will apply, instead of 36 months before the amendment to the RES Act.

The amendment to the RES Act has introduced provisions for the FIP guaranteed tariff, according to which the upper capacity limit for renewable energy installations eligible for the FIP tariff has been increased from 1 MW to 2.5 MW, however these provisions will not apply before the date of a positive decision of the European Commission on the compatibility of public aid provided for in these regulations with the internal market or recognition by the European Commission that the amendments to these provisions do not constitute new public aid.

6.1.4. Tariff for electricity distribution services in 2020

The President of the Energy Regulatory Office (ERO) approved the “Tariff for electricity distribution services” of ENEA Operator. The decision was published in the ERO Industry Bulletin “Energia Elektryczna” (Electricity) No. 304 (2939) of 17 December 2019. The new tariff has been approved for application until 31 December 2020. The tariff will result in an average increase in distribution fees for all tariff groups by 4.6%, while for consumers from the G tariff groups a smaller increase is anticipated at 4.0%. The tariff has been in force since 1 January 2020.

6.1.5. Financial markets (EMIR Refit)

On 17 June 2019, Regulation (EU) 2019/834 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 648/2012 as regards the clearing obligation, the suspension of the clearing obligation, the reporting requirements, the risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty, the registration and supervision of trade repositories and the requirements for trade repositories (EMIR Refit), entered into force. As a result of the introduced amendments, the duty has been introduced to report OTC derivative transactions (albeit, providing for an exception to this rule for intragroup derivative transactions, in the form of a possible waiver of the reporting obligation).

6.1.6. Capacity market

Detailed information on the Capacity Market is provided in Chapter 10 of the “Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2019” and, as at the preparation date of this report, it remains valid.

¹⁾ https://www.pse.pl/documents/20182/21595261/Dokument_glowny_PRSP_2021-2030_20200528.pdf/8c629859-1420-432f-8437-6b3a714dda9c?safeargs=646f776e6c6f61643d74727565

6.1.7. REMIT

REMIT – Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency. In accordance with this regulation, the electricity market is subject to specific restrictive rules governing the publication and disclosure of all information that may affect the prices of energy products on the wholesale energy market, including an absolute prohibition of any market manipulation. REMIT requires that every market participant be registered in the national register of market participants. Market participants are required to report data on the transactions they execute on wholesale energy markets, including any orders they place. Basic data on the capacity and use of generating infrastructure are subject to reporting. REMIT requires that inside information be published in the form of public disclosure. REMIT prohibits market manipulation and attempts to manipulate the market and does not allow to use inside information. REMIT equips regulatory authorities with powers to conduct investigations and enforce the provisions of the regulation.

6.1.8. Electromobility and Alternative Fuels Act

The Electromobility and Alternative Fuels Act of 11 January 2018 imposes an obligation on selected townships to build on their land publicly available charging stations for vehicles with alternative drive systems. If this obligation is not fulfilled by the end of 2019 as required by the Act, it is passed on to distribution system operators, in accordance with their area of activity. Due to the fact that this obligation was not fulfilled by local governments, the company is currently under the obligation to build nearly 455 charging points located in publicly available charging station in 5 urban areas: Poznań, Szczecin, Bydgoszcz, Gorzów Wielkopolski and Zielona Góra. This number is the difference between the minimum number of publicly available charging points, which according to the Act should be built in the territory of the said 5 townships by 31 March 2021, and the existing and planned number of such points to be built by private investors. For this reason, ENEA Operator is currently carrying out a project entitled “Implementation of ENEA Operator’s statutory obligations related to electromobility under the Electromobility and Alternative Fuels Act”.

6.1.9. Impact of the electricity tariff for Tariff Group G

On 30 December 2019, the President of the Energy Regulatory Office (“ERO President”) made a decision to approve the electricity tariff for Tariff Group G for the period from 14 January to 31 March 2020 (“Tariff”). The ERO President approved the ENEA S.A. electricity sales price for Tariff Group G consumers at the level that did not cover the costs incurred by the Company. ENEA S.A. filed an application to approve a tariff for the next period, i.e. from 1 April to 31 December 2020. However, after the evidence proceedings had been completed, on 8 July 2020 the ERO President decided to refuse to approve the electricity tariff. At present, there is a pending appeal procedure against the decision of the ERO President and ENEA S.A. currently uses its previous tariff in the settlements for energy sold to customers. Considering the above and acting in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the Company recognized a provision for onerous contracts in the amount of PLN 68.6 million as at 31 December 2019. In the first three quarters of 2020, the Company used PLN 53.4 million of the provision for onerous contracts.

6.1.10. Operating reserve

Detailed information on the Operating Reserve mechanism is provided in Chapter 10 of the “Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2019” and, as at the preparation date of this report, it remains valid.

6.1.11. Increase in the number of customers exercising their right to change the seller

As at the end of September 2020, the number of business customers (tariff groups A, B, C) which changed their energy seller in Poland was 215,411, having increased by 5,476 (or 2.6%) since the end of 2019. As regards customers in the household segment (tariff group G), the number was 684,992, having increased by 27,769, or 4%, since the end of 2019. These figures show that the dynamics of seller switches in 2020 is not high, which may have been caused by the pandemic.

6.1.12. Exemption from the duty to submit household electricity tariffs for approval

Pursuant to Article 49 of the Energy Law, the President of the Energy Regulatory Office may exempt a utility company from the duty to submit tariffs for approval if the ERO President considers the company to operate in a competitive environment. A possible exemption from the duty to submit tariffs for approval may have a favorable impact on the electricity sales margin in the future.

6.1.13. Significant trends in the Distribution area

The provisions of EU law, in particular those of the energy regulations called Clean Energy for All Europeans, have an increasing impact on ENEA Operator's business. These regulations contribute to the achievement of the EU's goals of achieving a more competitive, secure and sustainable energy system and reducing greenhouse gas emissions by 2030. Commitments in this respect provide for a reduction of emissions by at least 40% compared to 1990 levels while increasing energy efficiency by 32.5% and increasing the share of energy generation from renewable sources to 32% of final consumption. A consequence of the pursuit of these commitments will be a steady, as has already been observed, increase in installed capacity from renewable energy sources, which has created room for new energy market participants and has changed the roles of existing participants, including DSOs. The rapid development of distributed energy sources combined with new technologies, including ICT technologies, has had a significant impact on the distribution network, while shaping the new role of DSOs on the energy market. New challenges in this area for ENEA Operator include: the new role of DSOs as entities supporting market development (local markets in particular), tapping into the flexibility of distributed energy sources, data management, cooperation with TSOs/DSOs, new IT and ICT technologies, development of smart grids, activation of customers, emergence of energy communities (energy clusters and cooperatives), cyber security and development of research and development and innovation activities. Since innovations form a significant growth factor, which is why ENEA Operator has adopted a framework enabling external entities to suggest and jointly execute various pilot and innovative projects with the Company. The pursuit of such initiatives will provide the opportunity to jointly develop or test innovative solutions in real-life conditions. For more information, please visit: <https://www.operator.enea.pl/innowacje>

The main consequence of changes on the energy market will be the gradual decline in the volume of energy distributed through DSO's grids. On the other hand, the quantity of energy produced by end users for their own needs, especially by prosumers, will increase. The changing model of the energy market and the consequences for its current players, such as distribution system operators, will also require transformation of the current regulatory model.

6.1.14. Key Service Operator

According to the provisions of the Act of 5 July 2018 on the National Cybersecurity System, members of the ENEA Group, namely ENEA S.A., ENEA Operator Sp. z o.o., ENEA Wytwarzanie Sp. z o.o., ENEA Elektrownia Połaniec S.A., ENEA Ciepło Sp. z o.o. and MEC Piła Sp. z o.o., have been recognized as Key Service Operators. ENEA Operator joined a project initiated by the Ministry of Energy and signed an agreement on cooperation in the power sector to improve the country's cybersecurity. The project calls for concerted action toward improving the IT security of the energy distribution area and protecting it against potential external attacks. The agreement was signed by: ENEA Operator, Tauron Dystrybucja, PGE Dystrybucja and Energa Operator.

6.1.15. Quality regulation model

Detailed information on the qualitative regulation model is provided in Chapter 10 of the "Management Board Report on the Activity of ENEA S.A. and the ENEA Group in 2019" and, as at the preparation date of this report, it remains valid.

6.1.16. Rating

On 19 March 2020, Fitch Ratings affirmed ENEA S.A.'s long-term foreign- and local-currency issuer default ratings at 'BBB' with a stable outlook. The affirmation reflects ENEA S.A.'s business profile as an integrated utility with large electricity generation and distribution businesses, and moderate financial leverage. The ENEA S.A.'s ratings are supported by a high proportion of regulated and quasi-regulated income from electricity distribution and capacity payments, respectively. The main risk factors are close-to-full reliance on coal in electricity generation as well as exposure to higher-risk mining and supply divisions.

6.1.17. General Data Protection Regulation (GDPR)

GDPR (Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC) is a legal act of the European Union, which has been in effect in all member states since 25 May 2018. It has introduced new rules for processing personal data and imposed new obligations on data controllers. In its business, the ENEA Group observes the requirements of these new regulations, also by ensuring an appropriate level of security for the personal data it processes, paying particular attention to the protection of the rights and freedoms of data subjects. Pursuant to Article 37 of GDPR, ENEA Group companies appointed Data Protection Officers, who discuss important matters concerning personal data protection in the ENEA Group.

6.1.18. Court and administrative proceedings

As at the date of this report, there are no pending proceedings regarding payables or receivables to which ENEA S.A. or any of its subsidiaries would be a party. A detailed description of the proceedings is presented in Note 25 to the condensed interim consolidated financial statements of the ENEA Group for the period from 1 January to the date of publication of this report.

6.1.19. Litigation related to actions for annulment or revocation of shareholder meeting resolutions

During the reporting period, the Company was a party to four proceedings related to actions for annulment or derogation of shareholder meeting resolutions. The following is a summary of information on each of these proceedings.

Plaintiff	Subject of the statement of claim (literal wording)	Status of the proceedings
Synergia Inter-Company Trade Union of ENEA Group Employees	Statement of claim for annulment of a resolution of the Company's shareholder meeting or, alternatively, for revocation of a resolution of the Company's shareholder meeting with a petition for an injunction ¹⁾	<ol style="list-style-type: none"> 1. By decision of 20 June 2018, the Regional Court in Poznań dismissed the petition for an injunction (by decision of 7 August 2018, the Court of Appeals in Poznań dismissed the plaintiff's complaint against the decision to dismiss the petition for an injunction.) 2. By judgment of 26 March 2019, the Regional Court in Poznań dismissed the statement of claim. 3. On 15 May 2019, the plaintiff appealed against the judgment of 26 March 2019 through the Regional Court in Poznań. 4. On 3 December 2019, the plaintiff's appeal was delivered to the defendant (the extension of the inter-instance proceedings resulted from the need for the court to examine the plaintiff's petition for a waiver of the appeal fee). 5. On 17 December 2019, the defendant filed a reply to the appeal to the Court of Appeals in Poznań. 6. On 23 July 2020, a hearing was held before the Court of Appeals in Poznań. Announcement of the judgment in the case was deferred until 12 August 2020. 7. By the ruling of the Court of Appeals in Poznań of 12 August 2020, the Plaintiff's appeal was rejected in its entirety.
"CLIENTEARTH Lawyers for the Earth" Foundation	Statement of claim for annulment or, alternatively, ascertainment of non-existence or, alternatively, revocation of a resolution of the Shareholder Meeting of a Joint Stock Company ²⁾	<ol style="list-style-type: none"> 1. On 31 July 2019, the Regional Court in Poznań issued a judgment stating that Resolution No. 3 of the Extraordinary Shareholder Meeting of the defendant ENEA S.A. with its registered office in Poznań of 24 September 2018 to express a directional consent to proceed with the construction stage under the Ostrołęka C project is invalid. On 17 September 2019, the attorney representing ENEA S.A. appealed against the judgment issued by the Regional Court in Poznań. 2. On 8 July 2020, the Court of Appeals in Poznań issued a judgment, in which it rejected ENEA S.A.'s appeal against the judgment of 31 July 2019 of the Regional Court in Poznań.
Synergia Inter-Company Trade Union of ENEA Group Employees ²⁾	Statement of claim for annulment of a resolution of the Company's shareholder meeting or, alternatively, for revocation of a resolution of the Company's shareholder meeting ²⁾	proceedings before the court of first instance – suspended
Synergia Inter-Company Trade Union of ENEA Group Employees	Statement of claim for revocation of a resolution of the Company's shareholder meeting ³⁾	Proceedings before the Regional Court in Poznań - as a court of first instance. Case pending.

¹⁾ concerns Resolution No. 5 of the Extraordinary Shareholder Meeting of ENEA S.A. of 28 May 2018 to adopt amendments to § 23 of the ENEA S.A. Articles of Association

²⁾ concerns Resolution No. 3 of the Extraordinary Shareholder Meeting of ENEA S.A. of 24 September 2018 to express a directional consent to proceed with the Construction Stage under the Ostrołęka C project

³⁾ concerns Resolution No. 7,8,9 nad 11 of the Extraordinary Shareholder Meeting of ENEA S.A. of 30 July 2020 on discharging individual former Members of the Management Board of the Company from the performance of their duties in 2019

6.1.20. Analyses of the transmission and collection of gaseous fuel from the transmission grid by ENEA Wytwarzanie

ENEA Wytwarzanie Sp. z o.o. is in the process of negotiation with GAZ-SYSTEM S.A. of an agreement to establish the terms of transmission and collection of gaseous fuel from the transmission grid by ENEA Wytwarzanie, enabling the feeding of gas-fired equipment and installations located in the area directly adjacent to ENEA Wytwarzanie. Analyses are underway regarding the possible use of existing coal-fired installations for operation based on the consumption of gaseous fuel.

On 11 February 2020, ENEA Wytwarzanie Sp. z o.o. and GAZ-SYSTEM S.A. signed an agreement to design the connection of Koziencice Power Plant to the GAZ-SYSTEM transmission network. The agreement will open the process of designing a gas connection for the Koziencice Power Plant. Expansion of the transmission system by GAZ-SYSTEM will increase its capacity to supply higher volumes of natural gas throughout Poland. This will increase the capacity for connecting industrial plants as well as individual customers to the network.

6.1.21. Participation in the nuclear power plant construction program

On 15 April 2015, KGHM, PGE, TAURON and ENEA entered into a Share Purchase Agreement in PGE EJ 1. KGHM, TAURON and ENEA purchased from PGE a stake of 10% each (a combined stake of 30%) in PGE EJ 1. ENEA paid PLN 16 million for the purchased shares. In accordance with the corporate approvals obtained, the financial exposure of ENEA S.A. in the initial phase of the Project (Development Stage) will not exceed approx. PLN 107 million. ENEA S.A.'s total expenditure resulting from the purchase of the shares and the increase in the company's share capital have to date reached PLN 32.5 million. The Shareholders granted loans to PGE EJ 1 to provide it with financial resources for its current activity. The total amount of loans granted so far by ENEA S.A. to the company is approx. 18.2 million.

On 1 October 2020, ENEA signed a Letter of Intent with the State Treasury on the acquisition by the State Treasury of a 100% equity stake in PGE EJ 1 sp. z o.o. The Letter of Intent was signed by all shareholders of PGE EJ 1 sp. z o.o. (besides ENEA, these are KGHM Polska Miedź S.A., PGE Polska Grupa Energetyczna S.A. and TAURON Polska Energia S.A.). The company is responsible for the preparation and execution of an investment project involving the construction and operation of Poland's first nuclear power plant. The signatories of the Letter of Intent have committed themselves to taking, in good faith, all steps necessary to prepare and make a transaction involving the acquisition by the State Treasury of an equity stake in PGE EJ 1 sp. z o.o. (Transaction). The State Treasury's intent expressed in the Letter of Intent is to purchase shares in PGE EJ 1 sp. z o.o. by 31 December 2020, although the parties have not set any end date of the Lol's term of validity. The Letter of Intent does not require the parties to execute the Transaction eventually. The decision as to whether or not to execute the Transaction is contingent on the outcome of the negotiations between the parties and the fulfillment of other conditions provided for in the applicable laws or corporate documents.

6.1.22. Research program concerning energy storage and distributed generation

ENEA and the Electric Power Research Institute (EPRI) signed an agreement under which the ENEA Group will participate in research projects concerning energy storage and distributed generation. The cooperation between the two entities will cover challenges related to energy storage, integration of storage facilities with distributed energy sources and micro networks as well as the creation of new services based on energy storage units. Owing to its participation in the program, the ENEA Group will have the opportunity to acquire professional knowledge from EPRI and exchange experience with other research participants. Joint research will help identify and assess the benefits of energy storage, learn new energy storage technologies and draw conclusions from implementation and integration projects in the United States and other countries.

The Group's participation in the research program will improve its internal capacity to implement and use energy storage solutions in the ENEA Group. The research program encompasses and integrates a variety of activities, including technology assessment, economic and technical modeling, to support the planning and operation of the distribution grid and technology demonstrations.

The Group's participation in the program will also provide it with access to numerous tools and research results enabling the assessment of costs, values and limitations of various energy storage technologies. These technologies will provide benefits to the power system, including improvements in energy quality, operational efficiency and greater integration with renewable energy sources.

The purpose of the agreement with the Electric Power Research Institute is to give ENEA access to project databases including tracking, interpretation and analysis of research needs arising in the areas of: energy storage, distributed generation and microgrids. ENEA is considering the possibility of launching projects in this area (also including hydrogen storage projects).

6.1.23. Interest in ElectroMobility Poland S.A.

On 19 October 2016, PGE Polska Grupa Energetyczna S.A., Energa S.A., ENEA S.A. and Tauron Polska Energia S.A. founded a company by the name of ElectroMobility Poland S.A. The company's business is intended to contribute to the execution of a program aimed at building a Polish electric vehicle, marketing it on a mass sale and creating an electromobility system in Poland. Each of the founding companies of ElectroMobility Poland acquired a 25% stake, thereby obtaining 25% of votes at the company's shareholder meeting.

Currently, the Company's share capital amounts to PLN 70 million.

6.1.24. Research and development projects carried out in ENEA Operator

The project for power and energy balancing and monitoring the quality of electricity supply of distributed energy sources and storage facilities performed together with the AGH University of Science and Technology. Continuous monitoring systems cover a broad range of issues associated with the process of continuous monitoring of the operation of power grids, quality of electricity, measurement instruments and the whole ICT infrastructure required in order to transmit the measurement data, as well as remote management of measurement systems and instruments. The project has received co-funding from the National Centre for Research and Development as part of Measure 1.2: "Sector R&D Programmes" of Operational Programme Smart Growth 2014-2020. Implementation of the project is in progress. The industrial research phase has been completed and the experimental phase is currently in progress.

The project entitled "Innovative system services of energy storage increasing the quality and efficiency of electricity usage" implemented together with the University of Zielona Góra provides for the testing of strategies and methods, including business ones, for using energy storage facilities in electric power grids in order to improve quality and efficiency of electricity usage and for developing a product offering for customers. The project has received co-funding from the National Centre for Research and Development as part of Measure 1.2: "Sector R&D Programmes" of Operational Programme Smart Growth 2014-2020. The industrial research phase has been completed and the experimental phase is currently in progress.

The project entitled "A flexible system of increasing competences of technical service employees using virtual reality technology" implemented together with the Poznań University of Technology and the Poznań University of Economics and Business, concerns the application of VR techniques in the training of technical service employees on virtual models of electric power facilities using realistic interaction methods. The project has received co-funding from the National Centre for Research and Development as part of Measure 2/1.1.1/2018 "Quick Path" of Operational Programme Smart Growth 2014-2020. The project is currently in the experimental development phase (the industrial research phase has been completed).

The project entitled "eNeuron: greEN Energy hUbs for local integRated energy cOmmunities optimizatioN" carried out under the Horizon 2020 program. The goal of the project is to develop innovative tools to optimize the process of designing and operating local energy systems with the main purpose of effectively integrating distributed energy sources. The Energy Hub concept, defined as the model for controlling and managing distributed energy sources to be integrated in the system in order to optimize their operation, will be analyzed and tested in practice. The outcome is to ensure effective, economical and sustainable solutions offered to entities potentially interested in implementing such systems, including, among others, distribution network operators, local communities and individual prosumers.

Pilot project of building a MV cable line using a no-dig (plowing) method, carried out as a result of implementing mechanisms that enable development or testing of innovative solutions in actual conditions in cooperation with external entities.

The project entitled "Solar PV on the Distribution Grid: Smart Integrated Solutions of Distributed Generation based on solar PV, Energy storage devices and Active Demand Management" implemented as part of the Horizon 2020 program. It concerned the development of smart integrated solutions for distributed generation based on photovoltaic installations, energy storage devices and active demand management. The aim of the project was to develop affordable integrated solutions to increase the potential of distributed photovoltaic installations through effective integration of PV devices, energy storage, monitoring and control of strategies and procedures, active demand management, smart technologies and procedure integration in the energy distribution system according to market criteria.

6.1.25. Construction of a photovoltaic farm on land owned by LW Bogdanka

The photovoltaic farm project to be developed on the land owned by Lubelski Węgiel "Bogdanka" S.A. will enable proper development of the mine's land and may contribute to a significant reduction of the costs of electricity powering the LWB's technical infrastructure, while showing respect for the environment and using renewable technologies. In 2019, detailed analyses were conducted, regarding, among others, the decisions and consultations required for the land in question.

6.1.26. Construction of photovoltaic farms in cooperation with KOWR, the National Support Centre for Agriculture

The project of building large-scale photovoltaic plants in cooperation with the National Support Centre for Agriculture is one of the key projects underlying the assumptions for ENEA Group's energy transformation. In performance of the ENEA Group Strategy updated in December 2019, we are considering developing PV projects up to the total capacity of 1500-2000 MWp (base/dynamic scenario).

6.1.27. Implementation of the potential investment in offshore wind farm projects

On 3 June 2020, the Company signed a letter of intent with Iberdrola Eólica Marina S.A. regarding the Company's potential investment in offshore wind farm projects to be developed in the Polish exclusive economic zone of the Baltic Sea. In connection with the signing of the Letter of Intent, the parties have entered into exclusive negotiations aimed at assessing the feasibility of execution of a joint capital expenditure project by the Company and Iberdrola in the said wind farm projects with a total capacity of up to approx. 3.3 GW and their shared preparation, construction and operation.

On 8 September 2020, the parties made a decision to terminate their exclusive talks on the potential investment in the projects in question without preparing the term sheet. Accordingly, on the same date, the parties to the Letter of Intent confirmed that it would no longer be binding on them. Still, the parties to the LOI remain open to the possibility of cooperating in the future. ENEA S.A. will actively continue to explore the opportunities for developing offshore wind farms.

6.1.28. Execution of the construction project of Ostrołęka Power Plant C

Detailed information on the execution of the Ostrołęka C Power Plant construction project are described in Note 11 of the "Condensed Interim Consolidated Financial Statements of the ENEA Group for the period from 1 January to 30 September 2020".

6.1.29. Rules for the preparation of financial statements

The condensed financial statements of ENEA S.A. and the ENEA Group included in the extended consolidated report of ENEA S.A. for the period of Q1-Q3 2020 have been prepared in accordance with the requirements of IAS 34 'Interim Financial Reporting', as endorsed by the European Union.

These condensed financial statements have been prepared based on the assumption that the Company will continue its business activity as a going concern in the foreseeable future. The Company's Management Board has not ascertained, as at the date of signing the condensed financial statements, any facts or circumstances that would indicate a threat to the Company's ability to continue its business activity as a going concern over the 12 months following the balance sheet date as a result of an intentional or induced discontinuation or a material curtailment of its existing activity. Unless indicated otherwise, the financial data presented in the said financial statements are expressed in thousands of Polish zloty (PLN).

6.1.30. Collective disputes

As at the date of publication of this report, no collective disputes are in progress.

6.1.31. Headcount

As at 30 September 2020, the headcount in ENEA Group companies included 17,279 employees with employment contracts. As at 30 September 2020, the headcount in ENEA S.A. was 405 employees with employment contracts.

6.1.32. Projected financial results

The ENEA S.A. Management Board did not publish any projections of financial results for 2020.

6.1.33. Amendments resulting from COVID-19

In connection with the state of coronavirus pandemic existing in Poland, anti-crisis shield programs have been introduced, which also covered the energy sector. The main amendments that were introduced by the shield programs from 1.0 to 4.0 included:

1) amendments to the Energy Law Act:

- suspended the possibility of withholding the supply of electricity or gaseous fuels;

2) amendments to the Act on Renewable Energy Sources:

- possibility of extending the deadline for fulfilling the obligation to produce first RES electricity (FIT and FIP support systems);

- possibility of extending the deadline for fulfilling the obligation of a RES auction participant to make the first sale of RES electricity within the auction system.

Additionally, amendments were also made to the Act on the system of compensation for energy-intensive sectors and sub-sectors, the Act on electromobility and alternative fuels, the Act on reserves of petroleum, petroleum products and natural gas and the rules of conduct in situations of threat to the state fuel security and disruption on the petroleum market and in commodity exchange trading.

6.1.34. Impact of the COVID-19 epidemic on the activity of the ENEA Group

At the end of 2019, information began to emerge from China about a threat of a virus called SARS-CoV-2 causing a disease dubbed COVID-19 ("coronavirus"). COVID-19 reached Poland in mid-March 2020 and on 20 March 2020, the state of epidemic was introduced in Poland. The occurrence and effects of the virus as well as the consequences of actions taken by the state to counteract the pandemic have had a significant impact on the condition of the economy both domestically and across the globe. This situation has also affected the Group's business:

- As at the date of preparation of this report, a decline in demand for coal was recorded in the Mining segment (by approx. 19% compared to the corresponding period of 2019), driven down by a slowdown of the domestic economy and weaker demand for electricity.
- In the Generation segment, the lower electricity generation from bituminous coal in Q1-Q3 2020 (by approx. 17% compared to the corresponding period of 2019) was offset by a strong increase in sales of electricity in trading, the combined effect of which was an increase in revenues (by approx. [4%] compared to the corresponding period of 2019).
- In the Distribution segment, in Q1-Q3 2020, the Group observed a decrease in sales of distribution services to end users by approx. 3% as compared to the same period of the previous year. This however did not cause a decrease in EBITDA in this segment.
- Also, fluctuations on global markets translated into significant changes in the prices of electricity, CO₂ emission allowances and raw materials as well as significant variation on capital markets. The Group analyzed these trends in order to review the assumptions made in impairment tests and carried out impairment tests for non-financial non-current assets of ENEA Wytwarzanie Sp. z o.o., ENEA Ciepło Sp. z o.o. and ENEA Elektrownia Połaniec S.A. and LWB. The results of the tests are presented in Note 9 of the consolidated financial statements.
- As at 30 September 2020, the Company has made an additional analysis of the possible impact related to the COVID-19 pandemic on the level of allowances for receivables. As a result of this analysis, additional impairment losses were recognized, however the level is insignificant for reporting purposes. Nevertheless, the Group believes that if additional restrictions related to the COVID-19 epidemic are introduced and business activity is limited, the receivables turnover ratio will deteriorate as a result of the reduced payment capacity of electricity buyers.
- In connection with the reorganization of work and increased security measures caused by the state of epidemic, the Group has identified the risk of delaying the completion dates of scheduled overhauls and modernizations of the generating units, including those required to ensure compliance with BAT conclusions.

As at the date of this report, it is difficult to predict how the situation will develop in the future and what negative effects it may exert on the operations and financial standing of the Parent Company and the Group in the future. Further spread of the virus may cause additional restrictions and a decline in business activity (at present, numerous restrictions affect the business of hotels, restaurants, cafes, shopping centers), lower demand for electricity and consequently lower production, which may affect the Group's revenue from sales. Also, we cannot rule out that an increased number of infectees in the Group will affect the risks related to business continuity of Group companies. Business interruptions, if any, may adversely affect the Group's revenue from sales.

The ENEA S.A. Management Board has established the Crisis Management and Coordination Center. All Group companies have appointed Teams to coordinate continuity assurance tasks for ENEA Group companies in the context of the coronavirus threat. The Management Board of ENEA S.A. coordinates all the activities in this respect acting through the Center. The Crisis Center and the Teams take actions to protect the health of employees by providing personal protective equipment (including masks, antibacterial gel, gloves), implementing safe working principles (including remote working being introduced where possible, limiting direct meetings in workplaces, disinfecting rooms, introducing limits on numbers of employees in rooms, maintaining safe distances between employees).

The precautions taken to prevent coronavirus infections have translated into shifts in operating expenses, which, along with changes in the level of revenues, will ultimately affect the Group's consolidated financial result.

In order to mitigate the negative impact of coronavirus on LWB's financial results, a number of adjustment and optimization measures were taken. One of such measures included an application filed by the company with the Voivodship Labor Office for co-funding from the Guaranteed Employee Benefits Fund ("FGŚP") to help protect jobs (under the Anti-Crisis Shield 4.0). The application was accepted and on 6 October 2020 the company received information that it was awarded co-funding from FGŚP in the total amount of PLN 33.7 million. The funding will be paid out in three tranches starting from October 2020.

It should also be noted that on 29 September LWB updated its production targets for 2020, expecting total annual net production at approx. 7.4 million tons, which is much less than it would be expected under standard circumstances. The reduction was affected by a number of factors.

In the first half of the year, there was a significant reduction in demand for steam coal from the commercial power and heating sectors, which resulted from a warm and windy winter and from the coronavirus pandemic. However in Q3 2020, geological and mining factors were compounded with the above factors, which limited the planned longwall progress and the achieved yield, including increased deformation pressures, which reduced the functionality of gate roads. Combined with the staff shortages resulting from the increasing incidence of COVID-19 and the need to isolate employees who come into contact with the sick, these conditions have proved to be onerous enough to result in a significant reduction in coal production. However, we should stress that the company believes these difficulties are temporary.

As at the date of this report, the Group has not identified any material uncertainty regarding its capacity to continue as an ongoing concern.

6.2. Natural environment

6.2.1. Curtailing emissions of air pollutants

In accordance with the applicable EU regulations, in particular Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions – IED (integrated pollution prevention and control), new and more stringent environmental protection standards have been in force since 1 January 2016. Accordingly, all electricity generators in Poland, who predominantly use high-emission coal-firing technologies, are required to adapt their power units to the new environmental requirements. The law, with a view to accommodating some of the problems faced by commercial undertakings, provided for the possibility of using certain derogation mechanisms. The alleviation of the IED requirements in the form of a derogation made it possible, until 30 June 2020, to obtain additional time for adjusting generation units to the stricter air pollutant emission standards. On 17 August 2017, the so-called 'BAT conclusions' for large-scale power combustion facilities (Commission Implementing Decision (EU) 2017/1442 of 31 July 2017 establishing best available techniques (BAT) conclusions for large-scale power combustion facilities under Directive 2010/75/EU of the European Parliament and of the Council) were published in the Official Journal of the European Union. The BAT conclusions have introduced more stringent (than in IED) requirements for pollutants such as sulfur dioxide, nitrogen oxides and dust. The BAT-associated emission levels (BAT-AELs) also apply to other substances, such as: mercury, hydrogen chloride, hydrogen fluoride and ammonia. The BAT conclusions will apply from 18 August 2021, following the 4-year adjustment period.



Kozienice Power Plant – units 1-10

Years	SO ₂			NO _x			Dust			CO ₂		Gross electricity generation [MWh]
	SO ₂ emissions [Mg]	SO ₂ emission factor [kg/MWh]	SO ₂ emission fee [PLN 000s]	NO _x emissions [Mg]	NO _x emission factor [kg/MWh]	NO _x emission fee [PLN 000s]	Dust emissions [Mg]	Dust emission factor [kg/MWh]	Dust emission fee [PLN 000s]	CO ₂ emissions [Mg]	CO ₂ emission factor [kg/MWh]	
Q1-Q3 2020	6,355.1	0.749	3,495.3	5,975.1	0.704	3,286.3	317.5	0.037	117.5	7,241,312.7	854	8,482,532.3
Q1-Q3 2019	5,561.0	0.603	3,003.0	6,330.2	0.687	3,418.3	202.5 ¹⁾	0.022 ¹⁾	72.9 ¹⁾	7,919,822.6	859	9,215,693.3
Change [%]	14.28	24.25	16.38	-5.61	2.53	-3.86	56.79	70.14	61.18	-8.57	-0.58	-7.96

¹⁾ Change from the information provided in 2019, since an incorrect figure was provided for that period.

In 2020, the emission fee rates increased:

SO₂: PLN 0.54 per kg in 2019 => PLN 0.55 per kg in 2020
 NO_x: PLN 0.54 per kg in 2019 => PLN 0.55 per kg in 2020
 Dust: PLN 0.36 per kg in 2019 => PLN 0.37 per kg in 2020



Kozienice Power Plant – unit 11 vs. units 1-10

Years	SO ₂			NO _x			Dust			CO ₂		Gross electricity generation [MWh]
	SO ₂ emissions [Mg]	SO ₂ emission factor [kg/MWh]	SO ₂ emission fee [PLN 000s]	NO _x emissions [Mg]	NO _x emission factor [kg/MWh]	NO _x emission fee [PLN 000s]	Dust emissions [Mg]	Dust emission factor [kg/MWh]	Dust emission fee [PLN 000s]	CO ₂ emissions [Mg]	CO ₂ emission factor [kg/MWh]	
Q1-Q3 2020 Unit 11 ²⁾	1,391.1	0.336	765.1	1,659.5	0.401	912.7	66.7	0.016	24.7	3,097,977.0	749	4,138,623.5
Q1-Q3 2019 Unit 11 ²⁾	1,363.5	0.294	736.3	1,739.7	0.375	939.4	64.9	0.014	23.4	3,437,338.5	740	4,644,609.5
Q1-Q3 2020 Units 1-10	6,355.1	0.749	3,495.3	5,975.1	0.704	3,286.3	317.5	0.037	117.5	7,241,312.7	854	8,482,532.3
Q1-Q3 2019 Units 1-10	5,561.0	0.603	3,003.0	6,330.2	0.687	3,418.3	202.5 ³⁾	0.022 ³⁾	72.9 ³⁾	7,919,822.6	859	9,215,693.3

²⁾ Data for unit 11 include emissions and fees for the start-up boiler house.

³⁾ Change from the information provided in 2019, since an incorrect figure was provided for that period.


Enea Elektrownia Połaniec

Years	SO ₂			NO _x			Dust			CO ₂		Gross electricity generation [MWh]
	SO ₂ emissions [Mg]	SO ₂ emission factor [kg/MWh]	SO ₂ emission fee [PLN 000s]	NO _x emissions [Mg]	NO _x emission factor [kg/MWh]	NO _x emission fee [PLN 000s]	Dust emissions [Mg]	Dust emission factor [kg/MWh]	Dust emission fee [PLN 000s]	CO ₂ emissions [Mg]	CO ₂ emission factor [kg/MWh]	
Q1-Q3 2020	4,693.8	0.911	2,581.60	3,724.5	0.723	2,048.45	250.8	0.049	92.79	3,402,367.8	661	5,149,895.10
Q1-Q3 2019	4,578.7	0.633	2,472.50	4,894.0	0.677	2,642.75	384.9	0.053	138.56	5,287,123.7	730	7,230,260.20
Change [%]	2.5	43.9	4.4	-23.9	6.8	-22.5	-34.8	-7.5	-33.0	-35.6	-9.7	-28.8


Białystok Combined Heat and Power Plant

Years	SO ₂			NO _x			Dust			CO ₂		Gross electricity generation [MWh]
	SO ₂ emissions [Mg]	SO ₂ emission factor [kg/MWh]	SO ₂ emission fee [PLN 000s]	NO _x emissions [Mg]	NO _x emission factor [kg/MWh]	NO _x emission fee [PLN 000s]	Dust emissions [Mg]	Dust emission factor [kg/MWh]	Dust emission fee [PLN 000s]	CO ₂ emissions [Mg]	CO ₂ emission factor [kg/MWh]	
Q1-Q3 2020	68	0.072	37	320	0.336	176	29	0.031	11	122,243	128.5	314,645.765
Q1-Q3 2019	175	0.175	95	258	0.259	140	22	0.022	8	205,119	205.3	314,228.572
Change [%]	-61.2	-59.2	-60.4	23.9	30.0	26.1	32.6	39.2	36.3	-40.4	-37.4	0.13


Białystok "Zachód" Heat Plant

Years	SO ₂			NO _x			Dust			CO ₂		Gross electricity generation [MWh]
	SO ₂ emissions [Mg]	SO ₂ emission factor [kg/MWh]	SO ₂ emission fee [PLN 000s]	NO _x emissions [Mg]	NO _x emission factor [kg/MWh]	NO _x emission fee [PLN 000s]	Dust emissions [Mg]	Dust emission factor [kg/MWh]	Dust emission fee [PLN 000s]	CO ₂ emissions [Mg]	CO ₂ emission factor [kg/MWh]	
Q1-Q3 2020	4.0	-	2.2	3.5	-	1.9	0.4	-	0.1	7,314.0	-	-
Q1-Q3 2019	17.0	-	9.2	8.2	-	4.4	1.2	-	0.4	8,967.0	-	-
Change [%]	- 76.4	-	- 76.1	- 57.3	-	- 56.8	- 66.7	-	- 75.0	- 18.4	-	-

¹⁾ Actual fee paid

7. Corporate social responsibility

Fight against COVID-19:

More than PLN 4.1 million (of which PLN 2.1 million in Q1 2020) was donated to medical centers fighting coronavirus through the ENEA Foundation. This amount consists of financial donations provided by the ENEA Foundation and LW Bogdanka. The financial assistance from the ENEA Foundation was provided to 30 medical centers operating in the territory covered by the ENEA Group's business and assistance from LW Bogdanka was provided to 5 centers. The funds have been spent – in accordance with the needs of each hospital – for medical equipment and sanitary and personal protection items. Also, the ENEA Group has declared PLN 1 million of aid for support activities for hospitals and specialist centers fighting the COVID-19 pandemic. At present, the work is under way to ensure that ENEA Group Companies provide more funds for combating the pandemic. The ENEA Foundation will carry out aid activities in accordance with the guidelines issued by the Ministry of State Assets.

#DoZobaczenia Campaign

In August, ENEA launched the #DoZobaczenia campaign to support local communities and promote the Polish travel industry as part of the activities related to the mitigation of effects of the COVID-19 pandemic. A web platform has been developed for the purposes of the campaign, which ran a contest for Internet users and published information about electromobility and environmentally-friendly traveling. A travel guide has also been developed featuring the submitted attractions, which will be provided to ENEA employees and Internet users.

The campaign participants sent photos of their favorite tourist attractions, encouraging other Web users to visit and vote for the most beautiful ones. The campaign met with significant interest; more than 150 photos were submitted for the contest presenting the most beautiful locations in Poland. The campaign had been prepared in such a way as to inspire and encourage people to travel across Poland and support the Polish travel industry and local communities, which find it difficult to function because of the pandemic.

ENEA Group employees joined in the project by submitting their proposals but also by taking action to promote the campaign, encouraging others to participate, among others via their social media accounts.

More than 7 thousand votes were cast in the contest. The nine winning proposals included picturesque regions in the voivodships where the ENEA Group carries out its operations, translating into real benefits for the local communities that make a living from the regional tourism. The prizes in the contest were electric scooters.

The #DoZobaczenia campaign was partnered by the Ministry of State Assets, the Minister of Culture and National Heritage, the Wielkopolski Voivode and the Świętokrzyski Voivode's Office.

All submissions can be viewed on the www.do-zobaczenia.pl website.



Development of projects focused on aid for seniors and multi-generational families

Enea for Generations. Together about Safety:

The Enea for Generations Together about Safety program was launched in 2018. It includes a series of workshops presenting tips on, among others, how to navigate safely in the jungle of commercial contracts, how to behave during a meeting with a visiting sales representative and what practices are used by unfair sellers. The goal of the workshops is to educate, raise consumer awareness and support fire protection in households.

The third edition of the program entitled "Enea for generations. Safe and healthy senior" implemented this year featured a free TeleAdvice hotline. The hotline at the phone number 800 805 605 offered, 5 years a week, services of experts of selected areas: a dietician, a lawyer, a social worker, a consumer ombudsman, a physician and a pharmacist



#EneaForGenerations Series:

The Enea For Generations campaign also included a series of radio shows.



Odcinek 1 - SMOG	SMOG – cichy zabójca. Jak powstaje i w jaki sposób wpływa na nasze zdrowie?	▼
Odcinek 2 - TESTAMENT	TESTAMENTY – o czym warto pamiętać. Jak powinien wyglądać prawidłowo sporządzony.	▼
Odcinek 3 - TLENEK WĘGLA i ocenie zwany CZADEM	CZAD - Na co powinniśmy zwrócić uwagę, żeby zabezpieczyć się przed czadem.	▼
Odcinek 4 - PIERWSZA POMOC	PIERWSZA POMOC - Czy należy się bać udzielenia pierwszej pomocy? W jaki sposób należy pomagać?	▼
Odcinek 5 - AKTYWNOŚĆ DLA SENIORÓW	AKTYWNOŚĆ DLA SENIORÓW - Cogito ergo sum - warsztaty teatralne, konkurs poetycki czy pokaz mody - nowe formy aktywności dla Seniorów.	▼
Odcinek 6 - NIEUCZLIWE PRAKTYKI	NIEUCZLIWE PRAKTYKI - W każdym wieku możemy paść ofiarą oszustów; jak nie dać się oszukać? Gdzie szukać pomocy?	▼
Odcinek 7 - PRZEMOC WOBEC OSÓB STARSZYCH	PRZEMOC WOBEC OSÓB STARSZYCH - Gdzie szukać pomocy, jak reagować na takie sytuacje. Czym jest Pokolenie Kanapkowe?	▼

8. Non-financial reporting

ENEA Group published the ninth online sustainable development report for 2019

In August 2020, the ENEA Group published the ninth annual sustainable development report, which summarizes its activities promoting a balance between economic growth and energy security, improving the quality of life and protecting the environment.

The publication was prepared in accordance with international non-financial reporting standards (GRI), and, to reflect the Group's commitment to the natural environment, is available online <https://raport2019.csr.enea.pl>. The report refers the projects implemented by the ENEA Group to the commitment it made to the implementation of 17 Sustainable Development Goals of the UN's 2030 Agenda. Implementation of these commitments by the ENEA Group reflects its care for the quality of life, natural environment and Poland's energy safety, but also its awareness of global challenges that we are facing.

The report is an exhaustive presentation of the organization's approach to the individual areas of sustainable development. In addition to descriptions of the key activities pursued by the Group in 2019 for the benefit of employees, customers, local development and environmental protection, and mitigation of its adverse environmental impact, it also contains extensive lists of regulations in effect in each company and specific figures. Credibility of the publication is emphasized by a detailed description of the risks inherent in the Enea Group's business and a description of how the Group manages them on a daily basis, as well as reliable information on problematic incidents in the work safety and corruption areas.



The report also describes the investments aimed at supporting the achievement of national and European climate goals and adjusting our plants to the EU's stringent environmental standards. It also contains a description of activities related to modernization of the Group's electricity distribution infrastructure, the purposes of which include improvement in the potential of the Group's network in terms of the collection of electricity from distributed renewable sources.

The document presents not only the activities that are currently underway but also our strategic objectives and specific commitments for the future, for example with respect to climate impact management and investments mitigating the Group's impact on the natural environment. The publication also addresses the issue of transformation of ENEA Group's generation assets, with a special focus on the increase in renewable energy, which was 12.5% in 2019 as compared to 2018.

9. Appendices

Appendix 1 – Statement of profit and loss of ENEA Operator Sp. z o.o. in Q1-Q3 2020

[PLN 000s]	Q1-Q3 2019	Q1-Q3 2020	Change	Change [%]
Revenue from sales of distribution services to end users	2,006,069	2,143,696	137,627	6.9%
Revenue from additional fees	3,935	1,952	-1,983	-50.4%
Revenue from non-invoiced sale of distribution services	-5,596	1,435	7,031	125.6%
Settlement of the balancing market	14,798	26,329	11,531	77.9%
Grid connection fees	46,886	112,765	65,879	140.5%
Revenue from illegal consumption of electricity	4,100	3,972	-128	-3.1%
Revenue from services	21,007	20,360	-647	-3.1%
Revenue from sales of distribution services to other entities	13,534	19,609	6,075	44.9%
Revenue from sales of goods and materials and other revenue	2,190	953	-1,237	-56.5%
Revenue from sales	2,106,924	2,331,071	224,147	10.6%
Depreciation of fixed assets and amortization of intangible assets	437,440	462,337	24,897	5.7%
Employee benefit costs	323,467	370,784	47,317	14.6%
Consumption of materials and supplies and cost of goods sold	23,585	22,143	-1,442	-6.1%
Purchase of energy for own needs and grid losses	235,369	261,992	26,623	11.3%
Costs of transmission services	327,821	348,789	20,968	6.4%
Other third-party services	209,302	201,894	-7,408	-3.5%
Taxes and charges	165,634	173,594	7,960	4.8%
Tax-deductible expenses	1,722,618	1,841,533	118,915	6.9%
Other operating revenue	34,431	85,998	51,567	149.8%
Other operating costs	52,506	48,365	-4,141	-7.9%
Profit/ (loss) on the sale and liquidation of property, plant and equipment	(8,330)	(3,894)	4,436	53.3%
Operating profit / (loss)	357,901	523,277	165,376	46.2%
Finance income	1,802	3,538	1,736	96.3%
Finance costs	59,286	66,928	7,642	12.9%
Profit / (loss) before tax	300,417	459,887	159,470	53.1%
Income tax	60,681	90,811	30,130	49.7%
Net profit / (loss) for the reporting period	239,736	369,076	129,340	54.0%
EBITDA	795,341	985,614	190,273	23.9%

Q1-Q3 2020

ENEA Operator Sp. z o.o. – EBITDA drivers (up by PLN 90 million):

(+) revenue from sales of distribution services to end users up by PLN 145 million, driven by a higher rate of the fixed and variable fee in the 2020 tariff and a delayed introduction of the 2019 tariff

(-) costs of purchasing transmission and distribution services (balance) up by PLN 15 million due to higher rates in the approved 2020 tariff

(+) revenues from grid connection fees up by PLN 66 million as a result of connection of a RES facility in Connection Group II for a significant non-recurring fee

(-) costs of purchasing electricity to cover the balance-sheet difference (balance) up by PLN 15 million, mainly due to higher average price of electricity

(-) operating costs up by PLN 46 million, mainly due to higher employee benefit costs (including PLN -18 million of actuarial provisions)

(+) result on other operating activities up by PLN 60 million, resulting mainly from remeasurement of provisions for grid assets, higher revenue from contractual penalties and indemnities, changes in impairment losses and higher revenue from fixing infrastructure collisions

Appendix 2 – Statement of profit and loss of ENEA Operator Sp. z o.o. – Q3 2020

[PLN 000s]	Q3 2019	Q3 2020	Change	Change [%]
Revenue from sales of distribution services to end users	672,788	721,182	48,394	7.2%
Revenue from additional fees	1,445	407	-1,038	-71.9%
Revenue from non-invoiced sale of distribution services	-2,724	-3,325	-601	-22.1%
Settlement of the balancing market	9,996	6,070	-3,926	-39.3%
Grid connection fees	19,962	11,960	-8,002	-40.1%
Revenue from illegal consumption of electricity	1,312	1,187	-125	-9.5%
Revenue from services	6,976	6,576	-400	-5.7%
Revenue from sales of distribution services to other entities	4,620	6,695	2,075	44.9%
Revenue from sales of goods and materials and other revenue	595	322	-273	-45.9%
Revenue from sales	714,970	751,075	36,105	5.0%
Depreciation of fixed assets and amortization of intangible assets	151,600	157,263	5,663	3.7%
Employee benefit costs	110,149	113,194	3,045	2.8%
Consumption of materials and supplies and cost of goods sold	7,748	7,489	-259	-3.3%
Purchase of energy for own needs and grid losses	76,664	85,178	8,514	11.1%
Costs of transmission services	116,581	117,325	744	0.6%
Other third-party services	70,092	71,289	1,197	1.7%
Taxes and charges	49,484	59,007	9,523	19.2%
Tax-deductible expenses	582,318	610,745	28,427	4.9%
Other operating revenue	15,940	19,096	3,156	19.8%
Other operating costs	11,065	5,797	-5,268	-47.6%
Profit/ (loss) on the sale and liquidation of property, plant and equipment	(2,564)	(1,235)	1,329	51.8%
Operating profit / (loss)	134,963	152,394	17,431	12.9%
Finance income	792	598	-194	-24.5%
Finance costs	20,962	17,794	-3,168	-15.1%
Profit / (loss) before tax	114,793	135,198	20,405	17.8%
Income tax	23,278	26,909	3,631	15.6%
Net profit / (loss) for the reporting period	91,515	108,289	16,774	18.3%
EBITDA	286,563	309,657	23,094	8.1%

Q3 2020

ENEA Operator Sp. z o.o. – EBITDA drivers (up by PLN 23 million):

(+) revenue from sales of distribution services to end users up by PLN 48 million, driven mainly by higher fixed and variable fee rates in the 2020 tariff and a 55 GWh increase in volume

(+) costs of purchasing transmission and distribution services (balance) down by PLN 1 million

(-) revenue from grid connection fees down by PLN 8 million

(-) costs of purchasing electricity to cover the balance-sheet difference (balance) up by PLN 12 million, mainly due to higher average price of electricity

(-) operating costs up by PLN 14 million, mainly due to higher costs of taxes and charges, employee benefits and third-party services

(+) result on other operating activities up by PLN 10 million, resulting mainly from remeasurement of provisions for grid assets, higher revenue from contractual penalties and indemnities and lower revenue from fixing infrastructure collisions

Appendix 3 – Statement of profit and loss of ENEA Wytwarzanie Sp. z o.o – Q1-Q3 2020

[PLN 000s]	Q1-Q3 2019 ¹⁾	Q1-Q3 2020	Change	Change [%]
Revenue from sales of electricity	3,561,029	4,038,591	477,562	13.4%
<i>generation license</i>	3,343,274	3,393,318	50,044	1.5%
<i>trading license</i>	179,093	569,285	390,192	217.9%
<i>Regulatory System Services</i>	38,662	75,988	37,326	96.5%
Revenue from certificates of origin	26,210	29,733	3,523	13.4%
Revenue from sales of heat	650	642	-8	-1.2%
Revenue from sales of other products and services	7,193	4,984	-2,209	-30.7%
Revenue from sales of goods and materials	12,254	10,708	-1,546	-12.6%
Net revenue from sales	3,607,336	4,084,658	477,322	13.2%
Revenue from leases and operating subleases	174	262	88	50.6%
Net revenue from sales and other income	3,607,510	4,084,920	477,410	13.2%
Depreciation of fixed assets and amortization of intangible assets	324,011	332,035	8,024	2.5%
Employee benefit costs	187,402	206,694	19,292	10.3%
Consumption of materials and supplies and cost of goods sold	2,119,663	2,444,437	324,774	15.3%
Purchase of energy for subsequent sale	380,758	455,591	74,833	19.7%
Transmission services	336	409	73	21.7%
Other third-party services	97,206	99,535	2,329	2.4%
Taxes and charges	64,448	62,953	-1,495	-2.3%
Tax-deductible expenses	3,173,824	3,601,654	427,830	13.5%
Other operating revenue	26,370	37,802	11,432	43.4%
Other operating costs	3,327	8,509	5,182	155.8%
Profit / (loss) on the sale and liquidation of property, plant and equipment	175	322	147	84.0%
Impairment loss/(reversal of impairment loss) on non-financial non-current assets	0	522,822	522,822	100.0%
Operating profit / (loss)	456,904	(9,941)	-466,845	-102.2%
Finance income	9,673	478	-9,195	-95.1%
Finance costs	114,996	106,925	-8,071	-7.0%
Dividend income	465	152	-313	-67.3%
Profit / (loss) before tax	352,046	(116,236)	-468,282	-133.0%
Income tax	69,020	-21,948	-90,968	-131.8%
Net profit / (loss) for the reporting period	283,026	(94,288)	-377,314	-133.3%
EBITDA	780,915	844,916	64,001	8.2%

¹⁾ restatement of data for presentation purposes in accordance with the condensed interim consolidated financial statements

Q1-Q3 2020

ENEA Wytwarzanie Sp. z o.o. – EBITDA drivers (up by PLN 64 million)

Kozienice Power Plant (up by PLN 95.9 million):

- (+) trading and Balancing Market margin up by PLN 243.0 million
- (+) revenue from Regulatory System Services up by PLN 37.3 million
- (+) revenue from certificates of origin up by PLN 22.6 million
- (+) contribution of other drivers up by PLN 5.6 million, including a PLN 9.2 million increase in the result on other operating activities
- (-) fixed costs up by PLN 21.1 million
- (-) generation margin down by PLN 191.5 million

RES Segment (EBITDA down by PLN 31.9 million):

- (-) **Wind Area (PLN -22.0 million):** revenue from certificates of origin down by PLN 13.6 million, revenue from sales of electricity down by PLN 5.1 million, result on other operating activities down by PLN 2.9 million, fixed costs up by PLN 0.5 million, result on liquidation of property, plant and equipment up by PLN 0.1 million
- (-) **Hydro Area (PLN -9.0 million):** revenue from certificates of origin down by PLN 5.1 million, revenue from sales of electricity down by PLN 2.5 million, fixed costs up by PLN 1.1 million; other drivers down by PLN 0.3 million, including the result on other operating activities down by PLN 0.1 million
- (-) **Biogas Area (PLN -0.9 million):** costs of consumption and transport of substrates up by PLN 1.4 million, revenue from certificates of origin down by PLN 0.4 million, result on other operating activities up by PLN 0.1 million, revenue from sales of electricity up by PLN 0.8 million

Appendix 4 – Statement of profit and loss of ENEA Wytwarzanie Sp. z o.o – Q3 2020

[PLN 000s]	Q3 2019 ¹⁾	Q3 2020	Change	Change [%]
Revenue from sales of electricity	1,294,116	1,456,880	162,764	12.6%
<i>generation license</i>	1,240,675	1,412,195	171,520	13.8%
<i>trading license</i>	33,076	27,516	-5,560	-16.8%
<i>Regulatory System Services</i>	20,365	17,169	-3,196	-15.7%
Revenue from certificates of origin	7,747	7,163	-584	-7.5%
Revenue from sales of heat	125	121	-4	-3.2%
Revenue from sales of other products and services	2,307	1,637	-670	-29.0%
Revenue from sales of goods and materials	4,282	4,416	134	3.1%
Net revenue from sales	1,308,577	1,470,217	161,640	12.4%
Revenue from leases and operating subleases	77	90	13	16.9%
Net revenue from sales and other income	1,308,654	1,470,307	161,653	12.4%
Depreciation of fixed assets and amortization of intangible assets	107,965	109,957	1,992	1.8%
Employee benefit costs	65,564	65,968	404	0.6%
Consumption of materials and supplies and cost of goods sold	788,888	1,004,296	215,408	27.3%
Purchase of energy for subsequent sale	101,820	80,009	-21,811	-21.4%
Transmission services	83	112	29	34.9%
Other third-party services	35,865	36,463	598	1.7%
Taxes and charges	21,241	22,075	834	3.9%
Tax-deductible expenses	1,121,426	1,318,880	197,454	17.6%
Other operating revenue	13,664	1,639	-12,025	-88.0%
Other operating costs	1,133	1,464	331	29.2%
Profit / (loss) on the sale and liquidation of property, plant and equipment	29	283	254	875.9%
Operating profit / (loss)	199,788	151,885	-47,903	-24.0%
Finance income	7,019	130	-6,889	-98.1%
Finance costs	37,076	30,828	-6,248	-16.9%
Profit / (loss) before tax	169,731	121,187	-48,544	-28.6%
Income tax	32,705	23,491	-9,214	-28.2%
Net profit / (loss) for the reporting period	137,026	97,696	-39,330	-28.7%
EBITDA	307,753	261,842	-45,911	-14.9%

Q3 2020

ENEA Wytwarzanie Sp. z o.o. – EBITDA drivers (down by PLN 46 million):

Kozienice Power Plant (EBITDA down by PLN 43.7 million):

- (-) generation margin down by PLN 44.5 million
- (-) contribution of other drivers down by PLN 13.4 million, including a PLN 12.1 million decrease in the result on other operating activities
- (-) revenues from Regulatory System Services down by PLN 3.2 million
- (+) trading and Balancing Market margin up by PLN 17.4 million

RES Segment (EBITDA down by PLN 2.2 million):

- (-) **Wind Area (PLN -2.5 million):** revenue from sales of electricity down by PLN 1.7 million, revenue from certificates of origin down by PLN 0.9 million, other drivers down by PLN 0.2 million, including result on other operating activities down by PLN 0.2 million, fixed costs down by PLN 0.3 million
- (+) **Biogas Area (PLN +0.3 million):** costs of consumption and transport of substrates up by PLN 0.2 million, revenue from certificates of origin up by PLN 0.3 million, revenue from sales of electricity up by PLN 0.2 million

¹⁾ restatement of data for presentation purposes in accordance with the condensed interim consolidated financial statements

Appendix 5 - Statement of profit and loss of ENEA Elektrownia Połaniec – Q1-Q3 2020

[PLN 000s]	Q1-Q3 2019	Q1-Q3 2020	Change	Change [%]
Revenue from sales of electricity	1,874,669	1,646,089	-228,580	-12.2%
<i>generation license</i>	1,577,603	1,287,775	-289,828	-18.4%
<i>trading license</i>	257,507	337,021	79,514	30.9%
<i>Regulatory System Services</i>	39,559	21,293	-18,266	-46.2%
Revenue from certificates of origin	158,638	176,035	17,397	11.0%
Revenue from sales of CO ₂ emission allowances	21,780	0	-21,780	-100.0%
Revenue from sales of heat	41,728	34,781	-6,947	-16.6%
Revenue from sales of other products and services	4,039	4,034	-5	-0.1%
Revenue from sales of goods and materials	344	2,837	2,493	724.7%
Excise duty	38	40	2	5.3%
Revenue from sales and other income	2,101,160	1,863,736	-237,424	-11.3%
Depreciation of fixed assets and amortization of intangible assets	44,435	49,528	5,093	11.5%
Employee benefit costs	55,795	55,261	-534	-1.0%
Consumption of materials and supplies and cost of goods sold	1,334,914	1,075,237	-259,677	-19.5%
Purchase of energy for subsequent sale	223,216	247,022	23,806	10.7%
Transmission services	248	239	-9	-3.6%
Other third-party services	172,131	181,877	9,746	5.7%
Taxes and charges	27,161	25,908	-1,253	-4.6%
Tax-deductible expenses	1,857,900	1,635,072	-222,828	-12.0%
Other operating revenue	6,145	9,895	3,750	61.0%
Profit / (Loss) on the sale and liquidation of property, plant and equipment	0	56	56	100.0%
Other operating costs	1,295	1,447	152	11.7%
Operating profit / (loss)	248,110	237,168	-10,942	-4.4%
Finance income	2,412	152	-2,260	-93.7%
Finance costs	1,194	4,737	3,543	296.7%
Dividend income	2,077	2,635	558	26.9%
Profit / (loss) before tax	251,405	235,218	-16,187	-6.4%
Income tax	48,314	43,795	-4,519	-9.4%
Net profit / (loss) for the reporting period	203,091	191,423	-11,668	-5.7%
EBITDA	292,545	286,696	-5,849	-2.0%

Q1-Q3 2020

ENEA Elektrownia Połaniec – EBITDA drivers (down by PLN 6 million):

System Power Plants Segment (EBITDA down by PLN 31.7 million):

- (-) generation margin down by PLN 82.9 million
- (-) revenue from sales of Regulatory System Services down by PLN 17.5 million
- (+) trading and Balancing Market margin up by PLN 58.5 million
- (+) fixed costs down by PLN 10.2 million

RES Segment (EBITDA up by PLN 24.3 million):

- (+) RES energy production margin up by PLN 26.2 million
- (+) Green Block's margin on sale/remeasurement of green certificate inventories up by PLN 1.1 million
- (-) fixed costs up by PLN 3.1 million

Heat Segment (EBITDA up by PLN 1.5 million)

- (+) margin on heat up by PLN 1.3 million due to: a lower volume of heat generation by PLN 1.1 million, higher heat sales price by PLN 2.7 million, higher cost of fuel by PLN 1.8 million, lower cost of CO₂ by PLN 1.7 million
- (+) fixed costs down by PLN 0.2 million

Appendix 6 - Statement of profit and loss of ENEA Elektrownia Połaniec – Q3 2020

[PLN 000s]	Q3 2019	Q3 2020	Change	Change [%]
Revenue from sales of electricity	628,664	556,240	-72,424	-11.5%
<i>generation license</i>	544,373	405,874	-138,499	-25.4%
<i>trading license</i>	72,227	145,200	72,973	101.0%
<i>Regulatory System Services</i>	12,064	5,166	-6,898	-57.2%
Revenue from certificates of origin	66,122	49,118	-17,004	-25.7%
Revenue from sales of heat	13,377	12,948	-429	-3.2%
Revenue from sales of other products and services	1,408	1,269	-139	-9.9%
Revenue from sales of goods and materials	125	973	848	678.4%
Excise duty	10	13	3	30.0%
Revenue from sales and other income	709,686	620,535	-89,151	-12.6%
Depreciation of fixed assets and amortization of intangible assets	15,090	17,883	2,793	18.5%
Employee benefit costs	16,206	17,323	1,117	6.9%
Consumption of materials and supplies and cost of goods sold	466,038	341,045	-124,993	-26.8%
Purchase of energy for subsequent sale	65,618	118,662	53,044	80.8%
Transmission services	80	75	-5	-6.3%
Other third-party services	54,648	63,355	8,707	15.9%
Taxes and charges	8,833	8,113	-720	-8.2%
Tax-deductible expenses	626,513	566,456	-60,057	-9.6%
Other operating revenue	347	1,082	735	211.8%
Other operating costs	117	532	415	354.7%
Operating profit / (loss)	83,403	54,629	-28,774	-34.5%
Finance income	936	14	-922	-98.5%
Finance costs	375	1,162	787	209.9%
Dividend income	101	2,635	2,534	2,508.9%
Profit / (loss) before tax	84,065	56,116	-27,949	-33.2%
Income tax	15,950	-12,845	-28,795	-180.5%
Net profit / (loss) for the reporting period	68,115	68,961	846	1.2%
EBITDA	98,493	72,512	-25,981	-26.4%

Q3 2020

ENEA Elektrownia Połaniec – EBITDA drivers (down by PLN 26 million):

System Power Plants Segment (EBITDA down by PLN 5.1 million):

- (-) generation margin down by PLN 20.3 million
- (-) revenue from sales of Regulatory System Services down by PLN 6.6 million
- (+) trading and Balancing Market margin up by PLN 21.7 million
- (+) fixed costs down by PLN 0.1 million

RES Segment (EBITDA down by PLN 22.6 million)

- (-) RES energy production margin down by PLN 22.2 million
- (-) fixed costs up by PLN 4.6 million
- (+) Green Block's margin on sale/remeasurement of green certificate inventories up by PLN 4.2 million

Heat Segment (EBITDA up by PLN 1.7 million)

- (+) margin on heat up by PLN 1.7 million

10. Glossary of terms and abbreviations

Below are the formulas for financial ratios and the list of industry terms and abbreviations used in this document.

Ratio	Formula
EBITDA	Operating profit/ (loss) + depreciation and amortisation + impairment losses on non-financial fixed assets
Return on equity (ROE)	$\frac{\text{Net profit/ (loss) for the reporting period}}{\text{Equity}}$
Return on assets (ROA)	$\frac{\text{Net profit/ (loss) for the reporting period}}{\text{Total assets}}$
Net profitability	$\frac{\text{Net profit/ (loss) for the reporting period}}{\text{Sales revenue and other income}}$
Operating profitability	$\frac{\text{Operating profit/ (loss)}}{\text{Sales revenue and other income}}$
EBITDA profitability	$\frac{\text{EBITDA}}{\text{Sales revenue and other income}}$
Current liquidity ratio	$\frac{\text{Current assets}}{\text{Short-term liabilities}}$
Coverage of non-current assets with equity	$\frac{\text{Equity}}{\text{Non-current assets}}$
Total debt ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Net debt / EBITDA	$\frac{\text{Interest-bearing liabilities} - \text{cash and cash equivalents}}{\text{LTM EBITDA}}$
Current receivables turnover in days	$\frac{\text{Average trade and other receivables} \times \text{number of days}}{\text{Sales revenue and other income}}$
Trade and other liabilities turnover in days	$\frac{\text{Average trade and other receivables} \times \text{number of days}}{\text{Cost of products, goods and materials sold}}$
Inventory turnover in days	$\frac{\text{Average inventory} \times \text{number of days}}{\text{Cost of products, goods and materials sold}}$
Cost of products, goods and materials sold	Consumption of materials and raw materials and value of goods sold; Purchase of energy for sale purposes; Transmission services; Other third party services, taxes and levies, excise tax
Net debt	loans, borrowings and non-current and current debt securities + non-current and current finance lease liabilities + non-current and current financial liabilities measured at fair value - cash and cash equivalents - non-current and current financial assets measured at fair value - non-current and current debt financial assets measured at amortized cost

Financial ratios	Item
CAPEX	Capital expenditures
EBITDA LTM	EBITDA for the last 12 months
EBIT	Operating profit (loss)
Operating expenses	Depreciation and amortization; Employee benefit costs Consumption of materials and supplies and cost of goods sold; Purchase of energy and gas for resale; Transmission services; Other third-party services; Taxes and charges
External financing	Sum of the following Statement of cash flows items: Loans and borrowings received, Issue of bonds, Repayment of loans and borrowings, Redemption of bonds
Fixed costs	Costs that are independent of the electricity production volume. In a power plant, these costs include: payroll costs and charges, depreciation and amortization, costs of consumption of materials and supplies, costs of third-party services, costs of taxes and charges and other fixed costs
Own costs	Direct and indirect selling costs of ENEA S.A. and ENEA Trading Sp. z o.o.
Margin on heat	Margin on the sales of heat calculated as the difference between revenue from sales of heat and its variable production costs
Margin on trading	Difference between revenue from sales of electricity purchased in trading operations and the costs of purchasing electricity incorporating the result on sales of CO ₂
Margin on RES energy production	Margin on the sales of energy and production of green certificates from the Green Unit, calculated as the difference between revenue from sales of energy and from the valuation of certificates produced and the variable costs of producing them
Margin on the balancing market	Difference between revenue from sales of electricity purchased on the balancing market and the costs of purchasing that electricity incorporating the result on CO ₂ sales
Margin on generation	Difference between revenue from sales of electricity produced and revenue from certificates, and the variable costs related to production of that electricity
Margin from licensed activities	<p>Margin from licensed activities is a management indicator incorporating revenues and costs related to business activity involving distribution of electricity to customers located in a specified area. Those include primarily:</p> <ul style="list-style-type: none"> – revenue from sales of distribution services to end users – costs of transmission and distribution services – costs of electricity purchased to cover the balancing difference and for own needs – revenue from grid connection fees <p>ENEA Operator Sp. z o.o. holds a concession granted by the President of the Energy Regulatory Office until 1 July 2030.</p>
Green Block's margin on sale/remeasurement of green certificate inventories	Margin on the sale of green certificates from the Green Block calculated as a difference between revenue from sales and the cost of sales of the certificates, which takes into account the updated inventories of green certificates, i.e. the updated average weighted price of the inventory of certificates to market price in case their market price drops significantly.
Adjusted first contribution margin	Margin on retail trading of electricity and gaseous fuel earned by ENEA S.A., presented together with wholesale sales of ENEA Trading Sp. z o.o. adjusted for presentation by other conditional factors, such as costs of provisions for claims of terminated PMOZE agreements, revenues and costs from sales and purchases of CO ₂ emission allowances, valuation of CO ₂ contracts, forward transactions for energy, gas and property rights presented in operating activities.
Result on other operating activities	Change in the following items: other operating income, other operating expenses, profit/loss on a change, sale and liquidation of property, plant and equipment
Change in working capital	An item from the statement of cash flows

Abbreviation/term	Full name/definition
Baseload price (BASE)	Contract price for delivery of the same volume of electricity in each hour of the day
BAT	Best Available Techniques – a document drawing conclusions on best available techniques for the installations concerned and indicating the emission levels associated with the best available techniques
Blockchain	A decentralized platform with a dispersed network infrastructure used to account for transactions, payments or accounting entries. Advantages of this technology include, among others, safety, which is ensured by the application of cryptographic algorithms, resilience to failures and transparency of transactions, while maintaining anonymity of users. The list of possible applications includes, among others, cryptocurrencies, the Internet of Things, exchange transactions without intermediaries and institutions, land and mortgage registers without notaries and mortgage courts, electricity trading between prosumers and buyers without intermediaries, accounting ledgers
Capacity auction	A mechanism introduced by the Capacity Market Act of 8 December 2017 (Journal of Laws 2020, Item 247). In capacity auctions, electricity producers offer the operator a capacity obligation for the duration of a delivery period, which means that they undertake to maintain readiness in the delivery period to deliver the specified electric power output to the system and to deliver the specified electric power output to the system in emergency periods
Compliance	Assurance of compliance of the organization's activities with the applicable law and internal regulations
CO ₂	Carbon dioxide
CSR	Corporate Social Responsibility. Responsibility of an organization for the impact exerted by its decisions and actions on society and the environment; it is ensured by transparent and ethical conduct, which: <ul style="list-style-type: none"> – contributes to sustainable development, including wellbeing and health of the society, – takes stakeholder expectations into account, – complies with the applicable law and consistent with international standards of conduct, – is integrated with the organization's activities and is practiced in its relations.
DAM	Day-Ahead Market (DAM) has been operating since 2000. It is a spot electricity market in Poland. Since the beginning of quotation, DAM prices are a benchmark for energy prices in bilateral contracts in Poland. The DAM is intended for the companies that want to actively and safely close their electricity purchase/sales portfolios on an ongoing basis at particular hours of the day
DSO	Distribution System Operator
Energy Law	Act of 10 April 1997 - Energy Law (Journal of Laws 2019 Item 755)
Energy Law Act	The Energy Law Act of 10 April 1997
ERO	Energy Regulatory Office
FDIR	Fault Detection, Isolation, Restoration, a system enabling automatic detection of faults, isolation of the damage site and restoration of power supply
GWh	Gigawatt hour
HCl	Hydrogen chloride
HF	Hydrogen fluoride
Hg	Mercury
HV	High voltage grid. An electric power transmission grid, in which the phase-to-phase voltage ranges from 60 to 200 kV (in Poland: 110 kV). This grid is used to transmit electricity over large distances
ICE	Intercontinental Exchange - Platform for trading CO ₂ EU Emission Allowances (EUAs) and Certified Emission Reduction units (CERs) on the futures market
ICT	Information and Communication Technologies
Internet of Things	A concept according to which various items, such as household appliances, lighting and heating products, may directly or indirectly collect, process or exchange data via a power installation or a computer network. The purpose of this concept is to create smart cities, transport, products, buildings, power supply systems, health systems or daily life systems

Abbreviation/term	Full name/definition
LV	Low voltage grid supplying individual users with 50 Hz alternating current at 230 V phase voltage
Mg	Megagram, or a ton
MV	Medium voltage grid, in which the phase-to-phase voltage ranges from 1 kV to 60 kV
MWe	Megawatt of electrical power
MWh	Megawatthour (1 GWh = 1,000 MWh)
MWt	Megawatt of thermal power
NH3	Ammonia
Nm3	Normalized cubic meter of gas, i.e. the number of cubic meters that the gas would occupy in normal conditions
NOx	Nitrogen oxides
OHS	Occupational Health Services
PMOZE	Property rights to certificates of origin for energy from renewable energy sources
"Green" property rights	Commonly used name of PMOZE instruments
PPE	Polish Power Exchange
PSCMI 1	Reflects the price level of class 20-23/1 thermal coal powder in sales to commercial and industrial energy sector
RES	Renewable Energy Sources
SAIDI	System Average Interruption Duration Index - indicator of the average system duration of a long and very long break (expressed in minutes per Customer)
SAIFI	System Average Interruption Frequency Index - indicator of the average system frequency of long interruptions in energy supply (expressed in the number of breaks per Customer)
SCR installation	Catalytic flue gas denitrification installation
Selective catalytic reduction (SCR)	An installation for catalytic denitrification of exhaust gases. It operates based on the principle of reduction of nitrogen oxides to atmospheric nitrogen on the surface of a catalyst, using substances containing ammonia
Smart Grid	Smart electrical grids, which feature communication between all the participants on the energy market, in order to supply energy services at lower costs, enhance efficiency and integrate dispersed energy sources, including renewable energy sources
SO ₂	Sulfur dioxide
SPOT market	Cash (spot) market
Stakeholder	A person or group of persons interested in decisions or activities of an organization. A stakeholder is anyone who influences an organization and anyone influenced by it
Sustainable development	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs and considers the expectations of the surrounding communities and societal, environmental and economic challenges. It enables permanent increase of the value of an organization and rational management of resources
Transmission System Operator	Polskie Sieci Elektroenergetyczne S.A., a company wholly-owned by the State Treasury, which owns highest voltage grids and therefore is the operator of the power transmission system
TSO	Transmission System Operator
TWh	Terawatt hour

Signatures of the Management Board

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Signed by:

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